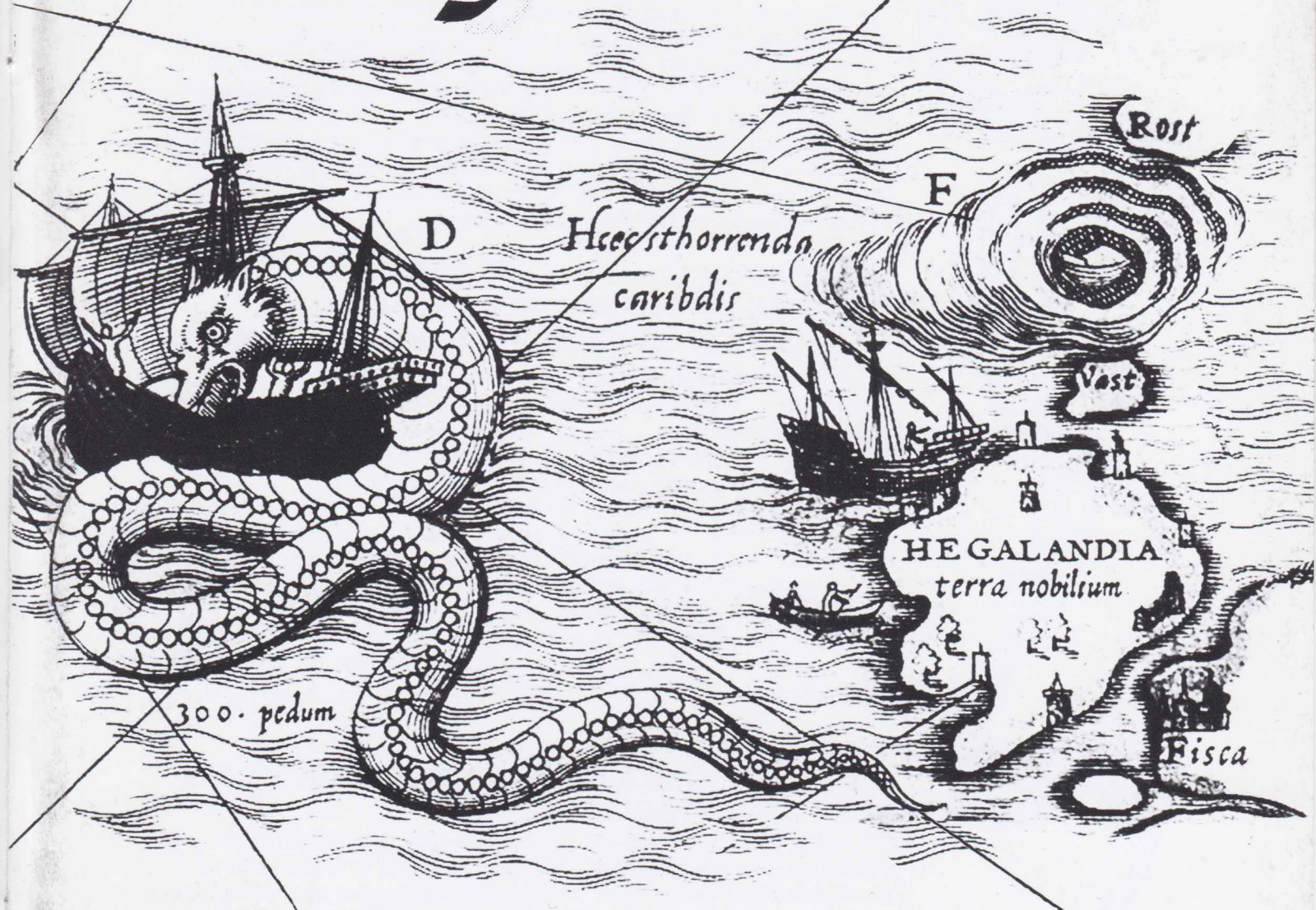


Aufheben



Brexit and Lexit:

between ideology and solidarity

The rise of conspiracy theories

China: the perils of borrowing

someone else's spectacles

PAGES 1-11

BREXIT MEANS... WHAT? HAPLESS IDEOLOGY AND PRACTICAL CONSEQUENCES

A number of left groups and individuals campaigned for the UK to leave the European Union in the recent referendum. We argue that the Brexit campaign, and the referendum itself, its results and its implementation, have been one with a victory of the ruling class against us. The implementation of Brexit will negatively affect solidarity among workers and radical protesters, setting back our strength and potentials to overturn capitalism. Many people in the radical left were blinded by the ideological forms of our capitalist relations, the reification of our human interactions, to the point of accepting a victory of the far right with acquiescence, or even collaborating with it.

PAGES 12-28

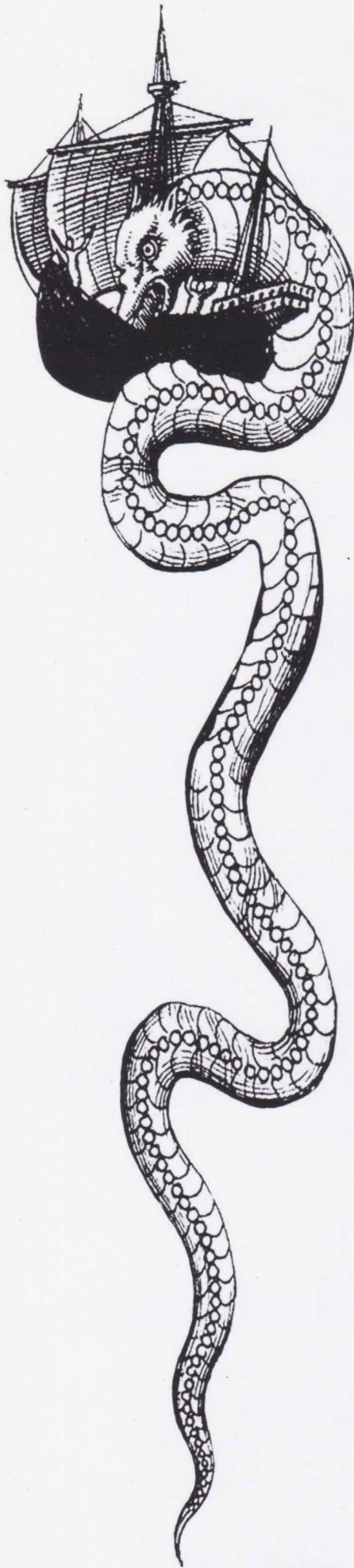
THE RISE OF CONSPIRACY THEORIES: REIFICATION OF DEFEAT AS THE BASIS OF EXPLANATION

Conspiracy theories have become more widespread in recent years. As populist explanations, they offer themselves as radical analyses of 'the powerful' – i.e., the operation of capital and its political expressions. One of the features that is interesting about such conspiracy theories therefore is that they reflect a critical impulse. We suggest that at least part of the reason for their upsurge (both in the past and in recent years) has to do with social conditions in which movements reflecting class struggles have declined or are seen to be defeated. We trace the rise of conspiracy theories historically and then focus on the most widespread such theory today – the idea that 9/11 was an inside job. We suggest that one factor in the sudden rise of 9/11 conspiracy theories was the failure and decline of the movement against the war in Iraq.

PAGES 29-44

CHINA: THE PERILS OF BORROWING SOMEONE ELSE'S SPECTACLES

We argue that the transition facing China is the shift from the export of commodities to export of capital. This transition would mark a major step in transforming China from what we have termed a mere epicentre in the global economy to its establishment as a distinct second pole of within the global accumulation capital – an emerging antipode to that of the US. The group Chuǎng argue that recent *Aufheben* analyses are 'too optimistic' concerning China's ability to maintain economic growth rates and fuel global capital accumulation. We reproduce their article as an *Intake*. In our response, we contend Chuǎng are unable even to recognise what we are suggesting let alone argue against it. This is because in making their analysis of the current economic situation in China, they have borrowed the spectacles of neo-liberal economics. They have thereby inadvertently adopted a myopic and ideologically circumscribed perspective that contains crucial blind-spots.



Brexit means... what?

Hapless ideology and practical consequences



Britons demand to live in medieval village surrounded by a wall

THE EU MIGRANTS' ORDEAL AND THE LIMITS OF DIRECT ACTION

We begin this article with a case dealt with by Brighton Solfed (SF) and CASE Central social centre – the story of an EU migrant in Brighton.

At the end of 2015, L., a Spanish hospitality worker, sought help from SF. She had worked in a restaurant for more than a year but, as soon as she fell ill, her employer sacked her with a flimsy excuse, in order to avoid paying Statutory Sick Pay (SSP). Receiving SSP would have been this worker's right under both domestic and European Union (EU) legislation. However, the employer insisted that she left her job voluntarily, and refused to re-employ her.

L. then claimed a sickness benefit, Employment and Support Allowance (ESA). As an EU worker, she should have been entitled to equal rights under EU legislation, and to ESA. However, the state refused the benefit: they said that, due a 'gap' between the end of her job and her claim, she was no longer a 'worker' when she claimed ESA. A benefits advice group helped with an appeal, but the state refused to reconsider. L. was in a desperate situation, with no money and far from her family, and was tempted to move back to Spain. This would amount to economic deportation – not imposed through physical force, but through extreme hardship.

Back in 1970s the UK's membership of the European Common Market was opposed by leftwing militants, as the Common Market was seen as a neoliberal club designed to prevent the advance of socialism, or just the implementation of Keynesian policies.

Yet the UK joined the EU. As a consequence of the Treaty of Maastricht since the early 1990s one

of the rules that the UK government had to immediately abide by was the 'free movement of labour'. This principle obliged each government to treat EU citizens equally as British citizens; both workers, and, following EU Court rules, also those who entered the UK to seek work, as long as they were 'genuine jobseekers'. This included giving them the rights to claim benefits and receive help with housing.

The best aspect of migration from the point of view of the individual employer is the migrants' normally disadvantaged and vulnerable position, which the imposition of equality tended to mitigate. Once entitled to equal rights at work and to all benefits, EU migrants had the option of refusing crap jobs. They had also the same incentive as their British workmates to fight for better pay and working conditions in their workplaces, side by side.

Thus since day one, the rightwing press relentlessly attacked the principle of equality underlying freedom of movement in the EU, depicting them as 'benefit tourists'. Sensitive to this pressure, the Conservative government made a series of efforts to deny equal rights to EU migrants, above all the unemployed. A 'habitual residence test' was imposed in 1994: claimants coming from abroad had to prove that they were 'habitually resident' in the UK in order to claim many out of work benefits.¹ What this 'habitual residence' meant was so vague that it was equally as easy for the state to immediately reject a claim, as it was for claimants to eventually win their appeals. A lengthy appeal procedure would however prolong the wait for a hearing for months, and would oblige migrants, through destitution, to return to their country. Only those who received help from friends or organisations (e.g. churches, political groups, squats), or had some savings, could persevere to the hearing.

The 'habitual residence test' was the first challenge from the British government against the Freedom of Movement, and was introduced with caution and great reverence towards the newly born principle of equality. Not to contradict this principle, the state felt obliged to impose the test to *anyone* coming from abroad, *including British citizens*.

In 2006, after part of Eastern Europe was allowed to 'access' the EU, the government restricted the 'habitual residence' rules. This was

¹ The test applied to 'means-tested' benefits. Benefits acquired through paying National Insurance contributions were not subject to residence conditions.

paradoxically done by exploiting a new EU law, Directive 2004/38/EC, which had been created to *clarify and strengthen* the rights of EU citizens. As the directive produced a list of 'qualified persons' who had automatic right to residence, the government used this list to *exclude* from equal treatment many thousand EU citizens who had so far been treated equally under the 'habitual residence test', if they did not match the list. For example, 'Workers' and 'Self Employed' had a right to reside, but ill people who had not worked much or at all, carers or single mothers who were not in work were excluded. A Right of Residence test based on the directive became a prerequisite for many out of work benefits.²

This new test was the UK government's first challenge to the principle of equality, as British citizens who had lived abroad were automatically exempted from it. In May 2013 the EU Commission took this challenge to court, but failed: the inequality of treatment of EU citizens was approved by an EU court as 'justified' by the interests of the member state.

Since the introduction of the right of residence test in 2006, workers who became ill, such as L. could have their claim for sickness benefit simply denied, with any flimsy excuse, or even with no reasons at all. Isolated and ill, they were put in the position of having to 'prove' their Right of Residence and, to do so, wait up to nine months for a tribunal hearing on no income.

Not happy with this, the nationalist anti-migrant lobbies continued to pressurise the government. In 2015 unemployed migrants were stripped of unemployment benefit (Job Seeker's Allowance (JSA)). Following a re-interpretation of the directive and case law that protected the right to reside of unemployed EU citizens as long as they had 'genuine chances of finding work', the state subjected EU citizens to a 'Genuine Prospect of Work Test'. This test was as abhorrent as the trial of witches by ducking stool: all unemployed EU citizens would lose their JSA after a fixed 6 month period after their last job unless they got a new job within this period. Failing this they would lose all rights of residence, including the right to Housing Benefit and could be made homeless. The statistical concept of 'prospect', was then redefined as a limitation to all benefits to a strict period of 3-6 months. At the same time, all those who lost their status as workers were denied Housing Benefit altogether.³

² The government would also try to refuse benefits to those who had worked, arguing that their job was not 'genuine and effective' or that they had not worked long enough, causing endless legal controversies.

³ The only EU jobless still protected by the directive are those who had lived in the UK for five years 'legally', and have then acquired a permanent right of residence. 'Legally' means: with a right of residence.

Still unhappy about this, and threatening to leave the EU, last year the Tory government went for the whole hog and obtained an opt out from paying all in-work or out-of-work benefits to all EU migrants for their first 4 years in the UK.

Recently, EU migrants have also started being deported, under the allegation of not having, or 'abusing', a Right of Residence. A pilot scheme that began in 2011 with the deportation of homeless and jobless East European citizens has now been extended to all EU nationals.⁴

Activist groups such as Solved and Brighton Benefits Campaign obviously oppose all this. Yet when the means to tackle injustice is based on collective solidarity there is a limit to what one can do. L. could not get financial support from a group composed of people like herself, who struggled to pay bills and rent. Also, direct action was precluded by the remoteness of the decision making. Where to protest, and what office to picket, if the decisions regarding L. were taken in Belfast and revised in Inverness? Perhaps in better times, a network of protesters could act nationally and reach remote offices, but at present there was no hope to resolve L.'s problem through direct action.

In the absence of a self-sustaining alternative community, or a mass benefits campaign, demanding that the state abide by EU law was the only option; and after a few nasty letters from CASE, the state acknowledge L's rights and paid her ESA.⁵

Of course, the laws and institutions do not act for us; we still need to act, and even simply invoking the laws can be a mini war against the state. CASE volunteers are now used to receiving phone calls from government officers who try to convince them that this or that piece of EU legislation do not mean what they say, or that there are other new mysterious 'laws' that contradict it. Any weak response at this stage would encourage these bureaucrats to issue an unfavourable decision. It is clear that the government has given guidance to its officers to deny EU rights at all costs. This attempt to make EU laws ineffective for benefits claimants is the frustrating experience of many benefits advisers across the country.

⁴ Non-EU migrants have been subject to a harsh visa scheme allowing only those with jobs earning more than £28,000 per year, which was increased by Teresa May to £35,000 from April 2016, to remain. Being married to a British citizen would not help: husbands or wives of British citizens are deported, and families destroyed.

<http://www.bbc.co.uk/news/uk-politics-17204297>.

⁵ In 'The renewed imposition of work in the era of austerity', *Aufheben* 19 (2011), we described the resurgence of new benefits struggle after the financial crisis, and expected that these struggles could grow. We were a bit too optimistic. The whole of the anti-cuts movement, including claimant struggles, failed to take off.

Thus when, on 23 June 2016, Brexit won the plebiscite, both migrants and those who had been involved in defending migrants' rights felt alarmed. Brexit will set aside all EU rights, with no guarantee of any automatic rights. If the same visa system that applies for non-EU migrants is applied to current EU workers living in the UK, 9 out of 10 would not qualify.⁶ Crucially, the abolition of the rights emanating from EU laws is not the result of our success in establishing more radical options, but the success of nationalist lobbies.

In the following we will discuss the position of people in the radical left, such as the political groups (SWP, etc.) or individual Bennites, on Brexit. But before, let us ask ourselves the question: *what has the radical left done during the previous decades of attacks on EU migrants?* What did these people do while EU migrants were made penniless by the gruelling General Prospect Tests? What have they done when workers like L. were denied all their rights as soon as they fell ill? The answer is: nothing. In fact, most of the groups and individuals in 'the left' have never even bothered to know about these issues.

Of course, the non-EU refugees escaping from war, especially those from Syria, have deserved a lot of interest and action. However, as we will show later, many people in the left have been very busy with other, more ideological, issues, such as the burkini ban in France. Similar issues seem to deserve more enthusiasm, time and efforts than the sorts of EU citizens reduced to homelessness and desperation. And even than the xenophobic murder of a Polish citizen in the summer of 2016.

THE BIG BLUNDER

It was clear since the beginning that the referendum about the EU was not about the EU as an institution at all. Previous opinion polls had repeatedly shown that EU matters were at the bottom of a scale of concerns for most Britons. The referendum was, in reality, the product of an internal infight within the Conservative Party.

As David Cameron once put it, the only people that insisted on 'banging on about Europe' were the 'nutters' in the United Kingdom Independence Party (UKIP), old diehard Thatcherite Tory Party activists and a few dozen backbench Tory MPs, cheered on by the right wing press. But Cameron's project of rebranding the Conservative Party as an electable, modern, socially liberal party depended on keeping these diehard social conservative in the Tory Party quiet. To placate them Cameron had repeatedly thrown them the



odd euro-sceptic bone to chew on. But the more bones he threw them the hungrier they became.

Finally, encouraged by the bad publicity caused by the EU's handling of the Euro crisis, the Tory right became so vociferous that Cameron was obliged to promise a referendum on Britain's membership of the EU at some time in the future. It was not possible right then, of course, because his coalition LibDem partners would not go along with his referendum plans. But this commitment was included in the Conservative Party manifesto for the 2015 elections.

At the time this seemed quite a clever move, since it was widely expected that there would be another hung Parliament, and any Conservative-led Government would have to share power again with the LibDems. Cameron would therefore be able to blame Nick Clegg for any failure to deliver on his pledge to hold a referendum. But unfortunately for him, the Conservatives won the election, but with a small majority. Cameron then risked the fate of John Major in 1990s, who spent much of his second term as Prime Minister being dogged by repeated Euro-sceptic rebellions threatening to bring down his government.

Thus the best option was to press on with plans for a referendum. With all three mainstream parties expected to support Remain, Brexit would be fronted by a motley collection of minor Tory backbenchers, and by Nigel Farage and various other UKIP 'nutters'. Although a tiresome Referendum would waste the government's time and effort, a resounding Remain vote would at least stop 'them banging on about Europe' once and for all.

But Cameron made a mistake that would bring about his ignominious political demise: he let it be known that he was considering standing down as Prime Minister after his second term. The heir apparent, George Osborne, was entrusted to lead the Remain campaign. Osborne's rivals then

⁶ <http://www.personneltoday.com/hr/brexit-nine-10-eu-workers-might-qualify-visa/>

faced a dilemma: either support Remain or jump ship and support Brexit, in the hope that this would win favour amongst Tory activists, which could prove crucial in stopping Osborne's coronation as party leader.

Shortly before the official Referendum campaign was due to start, Boris Johnson and Michael Gove took the plunge. Opinion polls had growing support for Brexit and they could hope that a good showing for the Leave campaign, with them at the helm, would oblige Cameron to be magnanimous in victory. After all Cameron had suspended party discipline and collective responsibility for the referendum. So these pro-immigration, neoliberal internationalists made an unholy alliance with the xenophobic little Englanders in UKIP.

On the morning of the 24 June, no one was more shocked than Johnson and Gove.⁷ It was apparent that they had expected that Remain would win, and had no concrete plan for a Brexit – yet Johnson was appointed by new PM Theresa May as one of the Brexit ministers, with the task of leading the actual thing.

BREXIT AND IDEOLOGY

UKIP and its leader, Nigel Farage, were the ideological winners of Brexit. They were able to use a populist, nationalist, anti-establishment message which united a large number of people from different classes: from middle class Tory voters in the south of England, who contributed to the majority of Brexit votes, to working class people in industrial cities of the north, disillusioned with social democracy. In the eyes of everybody, from immigration experts to MPs, it was clear that the campaign for Brexit boiled down to a campaign against the Freedom of Movement. This emerged as the only consistent message, amidst a mish-mash of half-baked issues, such as a £350m per week of EU fees that should rather go to the NHS or the imposition of straight bananas by Brussels.

Part of the left and the Green party, Trotskyist Socialist Appeal and the Left Unity party campaigned against Brexit. Probably the age composition of Socialist Appeal, popular among university students, played a major role in its pro-Remain position.

But for others it was a dilemma. On the one hand Cameron and a large part of the bourgeoisie supported Remain: the capitalist market depended on stability and would be vulnerable in the massive economic change created by leaving the single market. On the other hand, the Brexit

campaign had an appealing, populist, anti-establishment, pro-working-class message. And, of course, the EU was part of the capitalist system...

For all these reasons, supporting Remain could have come across as supporting global capital against the British working class, and supporting Cameron. All this could taint a leftwing soul. Assuming that Remain would win, one can then hold a principled stand against the EU *thinking that this would have no real consequences*.

For many leftists, used to decades of simplistic political common sense, arguments that raised complex issues, such as the political meaning of a victory for the Brexit campaign, were perhaps too difficult to take in. Instead of struggling with the political and moral complications of the present, it was thus easier to dust off the Eurosceptic reasons of the 70s, when the left opposed the Common Market, and to follow the ghostly authority of Tony Benn.⁸

Yet also claiming to support 'Brexit' would taint a leftwing soul. To get out of the dilemma, they just renamed the same thing... 'Lexit' (i.e. 'exit from the Left'). Problem solved. The Lexiteers' arguments were packaged as ready-made slogans loaded with good left-wing values. Questions regarding the EU protection of workers' rights or the environment, or migrants' rights, were confronted with banal answers, such as 'it's all scaremongering', 'what about the TTIP', or 'the EU is bureaucratic' (sic). More pathetic, some Trots voted leave to support Johnson's attempt to destabilise Cameron. While these people were blinkered by ideology, the fact that Brexit would, in concrete, be a victory for the far right was meanwhile clear to the far right across Europe and the USA, and to Donald Trump, who all celebrated the victory of Brexit.

Momentum, the movement which arose in support of Labour party leader Jeremy Corbyn, and the Labour party itself, officially campaigned for Remain. By age and affiliation, Corbyn could well have been a follower of Eurosceptic Benn, but led the campaign – but, only two weeks before the vote, nearly a third of Labour party members were still in the dark about the position of their own party! But many Corbyn's supporters did not worry about Brexit. With Jeremy leading the opposition, and the fantastic prospect of him leading the country, the UK could soon have new good laws, protecting workers, migrants and the environment. Who needs the EU?⁹

⁷ A journalist described Gove on the morning of the 24 June as 'someone who comes down from an acid trip and discovers they've killed their best friend'!

⁸ The issue of the Common Market had the same contradictions as today – indeed, leftwing Tony Benn campaigned against it *alongside extreme rightwing Tory Enoch Powell*.

⁹ It is not clear how many Corbyn supporters were 'neutral' on Brexit; some polls show that most Momentum supporters



Yet a prerequisite to lead a country is that to have clear positions; and Corbyn's positions equivocated. Interestingly, as soon as Brexit won, 'Remainer' Corbyn stated that

It was communities, often in former industrial heartlands, that had tended to vote for Brexit...¹⁰

Respecting these 'communities', Corbyn was happy to say that Parliament should accept that Brexit would happen and 'work with it'.¹¹

On the sorts of EU migrants, Corbyn and his allies equivocated too. Worryingly, not a comment was said on the status of the EU citizens currently living in the UK, threatened by Theresa May. For Corbyn what mattered was the protection of the British workers' rights in Britain:

(>60%) were pro-Remain; the new people joining Labour through 'the Corbyn effect' appear to be a mixture of old left types coming back to Labour (and so anti-EU) and other people who were new to politics; these latter have no prior commitment to anti-EU Bennisism and many see the EU as progressive.

¹⁰ 'Jeremy Corbyn pledges to change Labour's policy on immigration after Brexit vote' *The Independent*, Saturday 25 June 2016, <http://www.independent.co.uk/news/uk/home-news/jeremy-corbyn-labour-immigration-policy-change-brexit-latest-leadership-party-leader-a7102736.html>. As we explained several times in *Aufheben*, this romantic idea of 'communities' is just ideological. In fact most of those who voted leave were just individual tabloid or Telegraph readers.

¹¹ 'Jeremy Corbyn: Brexit is happening and Parliament must accept it', *The Independent*, 19 September 2016, <http://www.independent.co.uk/news/uk/politics/brexit-jeremy-corbyn-article-50-labour-leader-parliament-vote-latest-interview-a7316301.html>

'The red lines have to be: access to the European market, European Investment Bank, protection of maternity leave, paternity leave, minimum wage legislation. There has to be protection for people against workplace discrimination. Those issues to me are absolutely crucial'¹²

The rights of EU migrants to equal treatment could well slip through Corbyn's 'red lines'. This is part of an ideology that conflates the Freedom of Movement, a specific principle, with the general issues of border controls and 'anti-racism'; and in turn conflates EU migrants with refugees.¹³ This conflation can well unite leftwing Remainers and Brexiteers, by sacrificing, and forgetting about, EU migrants and their rights.¹⁴

On his part, the Shadow Chancellor of the Exchequer, John McDonnell, repeated that the free movement of labour would end with Brexit and that Labour would 'consult the British people' (sic) on the issue of future migration.¹⁵ More enlightening, Corbyn replied to a question about the need for an upper migration limit with the following, unquestionable, statement:

'I don't think you can have one while you have the free movement of labour' (sic)...¹⁶

a truism which even *The Telegraph* agreed with.¹⁷

At the end of September, Corbyn's refusal to make promises on migration control under a future Labour government was generously interpreted as a combative defence of freedom of movement by leftwing media.¹⁸ In the face of this devoted trust, probably Corbyn and his allies

¹² Ibid.

¹³ Which is a mirror image of the ideology of the far right, as this conflation was used during the Brexit campaign.

¹⁴ Facing the attack from the new government on EU migrants, a Socialist Workers Party hack stated at a public meeting that the solution to the post-referendum racism was that to have lots of demonstrations against... the EDL. This only shows how far these ideologues are from reality.

¹⁵ 'John McDonnell: Brexit will end free movement of people', *The Guardian*, 1 July 2016, <https://www.theguardian.com/politics/2016/jul/01/john-mcdonnell-brexit-will-end-free-movement-of-people> and BBC News, 19 June 2016, op. cit.

¹⁶ 'Jeremy Corbyn says EU free movement means no immigration limit', *BBC News*, 19 June 2016, <http://www.bbc.co.uk/news/uk-politics-eu-referendum-36570383>; and 'Jeremy Corbyn refuses to promise immigration cutback', *The Week*, 28 September 2016, <http://www.theweek.co.uk/jeremy-corbyn/62858/jeremy-corbyn-refuses-to-promise-immigration-cutback/page/0/5>.

¹⁷ 'At least Jeremy Corbyn tells the truth: being in the EU means unlimited immigration', *The Telegraph*, 19 June 16, <http://www.telegraph.co.uk/opinion/2016/06/19/at-least-jeremy-corbyn-tells-the-truth-being-in-the-eu-means-unl/>.

¹⁸ 'Jeremy Corbyn's refusal to promise EU migration cut is wise if the Tories' track record is any guide', *The Huffington Post*, 28 September 2016, http://www.huffingtonpost.co.uk/entry/jeremy-corbyn-migration-eu-immigration-target_uk_57eb90b0e4b00e5804efa96b.

have not clarified even to themselves what migration policy can be reasonably envisaged in the context of leaving the EU, an action that they have supported.

In the anarchist scene too, the referendum challenged radical purity. Anarchist issues are normally founded on a clear-cut moral stand, where what is bad is unquestionably bad and only needs action. As long as issues are chosen to fit moral categories, it is all indisputable: freedom and self determination is good, state control is bad, sexism and patriarchy are bad, animal cruelty is bad, racism and fascism are bad. But Brexit was a problem. On the one hand, the Brexit campaign was a nationalist and xenophobic campaign, which could comfortably fit the category of 'fascism'. On the other hand, the Remain campaign was supported by Tories, politicians and experts who were part of the establishment, and the EU is an institution embedded in global capitalism, and controlled by bankers and international lobbies. Thus many simply sat on the fence, seeing the vote as an option between two bad authorities (the UK and the EU). A few even supported Lexit.

As a result of these moral dilemmas the campaign for Remain was left to liberals and important reasons for opposing Brexit were not highlighted from a radical standpoint.

WHAT'S IN THE LAW?

In his essays on class consciousness in capitalism, Georg Lukacs said that while past social relations were mystified by religious or other ideological constructions, in capitalism we can clearly see economic relations as driving society, and due to this clarity it is now possible to transform society through a conscious movement against exploitation. Yet, he also saw that our relations create their own mystification, which can affect the proletariat itself; for this reason, he concluded, a clear consciousness is only embodied by 'the party'.

It is indeed true that consciousness is shaped by capitalist society... but is it true that a Leninist party or an elite of radical intellectuals see better than the riff-raff?

It is a matter of fact that every social class system develops its special mystification. It is easy for us to see and criticise, for example, the religious beliefs that expressed and veiled at the same time feudal class relations, but it is incredibly difficult to disentangle the exploitation and unfairness of capitalism from its veils of liberal glitter. *The problem is that this is difficult for a Leninist or a radical campaigner too.* In this section we will show that the demoralising ineffectiveness of the left in front of the Brexit

campaign was rooted in the mystification of capitalism: commodity fetishism.

Commodity fetishism is an inversion of reality, where a relation among humans appears as a relation between commodities and money. In this inversion, capital or 'the economy' becomes the real protagonist of history, and dictates its needs and its rules to people – needs and rule that are more compelling than our individual needs or desires. Our bullying, misery and exploitation then appear as caused by objective, almost 'natural' forces, not by people. The fact that our relations are transformed into an objective 'thing', separate from any individuals, was called by Lukacs reification. At the same time, individuals relate to each other as free and equal buyers and sellers – only the money we have in our pocket dictates what we can eat, study, hope and be, and if we need to get a job... and there are people who can hope and be whatever they want, others who can't hope anything at all. Reification mystifies the fact that we live in an unequal society, where a class of people control all the means of production and another class of people have to work for them day in, day out.

Reification shapes all aspects of social life. Political, economic, cultural spheres appear too, to have a life on their own, dictating their 'objective' rules to people. The state and its laws are objectifications too. These structures are not an illusion, but a reality: for example, in order to make a political career one needs to play along with the rules of electoral democracy, and navigate the structures of unions, parties and states. Simply telling ourselves that these structures are 'a social construction' or an 'illusion' won't help – the need remains, for making a political career, to accept them as real and play along with them.

In this inverted relation, otherwise free and equal individuals, 'relate' to the state, by voting or being elected in it, and by abiding by or opposing its laws. But even being critical of the state, however clever our criticism is, will not abolish the state and its laws, because they are based on actual relations among people.

Yet, we *can* defy this 'solidity', and we do it through class struggle.¹⁹ When workers, tenants, claimants, etc., are involved in a struggle connected to their needs, the focus can shift from *things* like money, laws, economy, to *our concrete situation and experience*. The stronger we are, the more cheeky questions we ask, shaking the solidity of capitalist constructions: 'fuck the *legal* contract, why should we be treated this way and

¹⁹ In 'Reclaim the state debate', *Aufheben* #18 (2010), we discussed excellent criticism of structuralism, which assumes that subjectivity is shaped by such 'objective' structures, in particular that of Simon Clarke in *The State Debate* (edited by Simon Clarke), St Martin's Press.

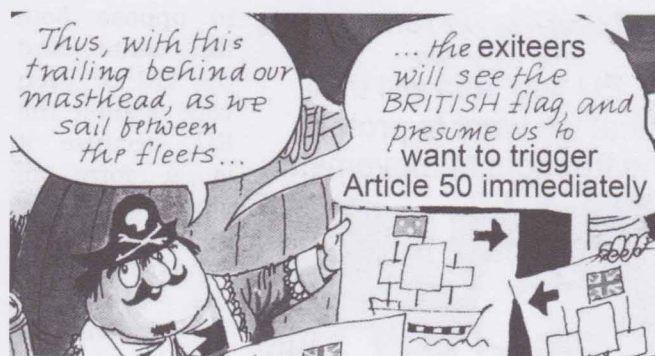
paid so little?', 'fuck the Human Right to private property, why can't I use this empty flat?', 'there is no money my arse, why can my bosses go on holiday to Bali?'... The mystification is then unveiled and during the struggle our relations reveal themselves as what they are: a balance of forces between people (or better, people 'like us' and people 'like them': classes).

When past struggles ended, capital re-solidified. A law forbidding farmers to use some pesticides, or a law protecting pregnant women at work, expresses our victory, and the redefinition of a balance of forces, but they appear again as things: new legal rights, which apparently emanate from something alien: a state. Those laws still reflect our victory, and, however weak we have become, we can still use them for our protection in our ongoing daily struggles with bosses or the government.

However, this 'solidity' is also challenged by the ruling class. As soon as our capacity to fight back has shrunk, the ruling class will try to redefine new 'objective' conditions, changing the laws. The fact that this happens through the objective realm of the state and its laws can paralyse our radical mind. After all, a law that protects pregnant workers or wildlife comes from the state. So why should we defend this law when the government wants to change it? Thus when various governments enacted attack after attack: benefit cuts, the abolition of security of tenure, the abolition of legal aid, the privatisation of public spaces... all this happened in the impotent silence of many radical people. To be fair, we can see the material weakness of the class behind this silence, but these unchallenged attacks have led to our increasing weakness and impotence.

The latest attack was the campaign for Brexit. It was UKIP's clear intention to get rid of EU laws that impose equality at work, maternity and paternity pay, disability rights and holiday pay; as well as laws restricting the freedom for capitalists to pollute air, land and sea.

The fact that Brexit is the objectification of our defeat is also apparent from the dynamics of the campaign itself. While our challenge to capitalism involves the cheeky suspension of the 'solid' appearance of bourgeois structures of power, Brexit has emerged through state institutions. It used a referendum organised through the state, confirming the objectivity of the political sphere and of bourgeois democracy. Also, the result of the referendum immediately appeared as a *legal mandate for the state*: a 'thing', more solid than any real people. The migrants whose lives may be wrecked by Brexit do not count, the democratic mandate does. The voters who 'repented' do not count, the democratic mandate is more real than them. Any concrete objections do not count. Remarkably, the relation between this 'democratic



mandate' and real individuals is the same as that between the state and 'people'.

As the Brexit campaign played with, and reinforced, the reification of the political sphere, the 'left' and many radical people were caught by the same mystification.

The retreat of the anti-cuts movement, which petered out in 2012 following the defeat of the public pension dispute, encouraged an ideological counter-attack from the far right, which culminated with Brexit. Meanwhile, class struggle was substituted by its weirdest reified surrogate in the history of the British left.²⁰

Just a few months before the EU referendum, Labour party back-bencher Jeremy Corbyn was propelled into leadership through an online vote of leftwing supporters. All eyes and hopes then focused on this newly elected leader and his heroic navigation through the structures of the party and the state, and a new group, Momentum, was created to support him. An institutional power game appeared to do the magic of advancing the left into prominence: a success that real people had been unable to achieve through industrial disputes and a mass movement during the anti-cuts campaign.

In the past, the power of socialist governments or politicians had normally emerged from the settlement of some class struggle or mass movement into institutional shapes – the Corbyn effect appeared to have inverted this dynamic, with an electoral victory within bourgeois institutions leading to a movement pivoting around this electoral victory, after the actual defeat of a class struggle.

If all leftwing eyes and hopes focused on the reified structures of capitalist power, it is not surprising that the Trots who voted for Brexit had no time for its consequences on migrants and workers. What's the point of considering real people, when people are eclipsed behind the glitter of reification?

Also many radicals were caught by the same reification. If it's all about 'us' and solid, abstract, authorities over there, a radical position would be

²⁰ For a detailed chronology and analysis of the pension dispute, see S. Johns (2012) 'The fight of our lives': An analysis of the UK pensions dispute, Libcom.



to oppose *both* the state and the EU or even vote against the EU, because it is a form of state. Again, any appeal for solidarity from the real individuals threatened by Brexit was dismissed.

In the next sections, we will

see how the victory for Brexit would reinforce capitalism by dividing the working class, and that those who are involved in however small struggles around, can see this.

THE 'FREEDOM OF MOVEMENT' AND FREEDOM FOR THE MOVEMENTS – THE CONTRADICTIONS OF CAPITALISM

Since its beginnings, capitalism has been faced by moral criticism based on ideal positions – money is bad, the bourgeois state is bad, the police are bad, poverty is bad, industrialization is bad...²¹ Yet a moralistic challenge will not destroy capital; for example, good-hearted Christian criticism has never challenged it, but also abstract radical moralism can be as ineffective.

This applies also to the issues of the EU. There are plenty of moral/radical judgements that are abstractly true – the EU is a capitalist institution; it *does* reflect the interests of capitalists; it is embedded in a global economy, etc. Yet knowing and proclaiming all this will not liberate us from capitalism or from the global economy – let alone asking a Tory government to lead us out of the EU! Instead, the practical actions of people who take advantage of the contradictions of the present, including the EU, can be a good start.

One of these contradictions is the Freedom of Movement. It is true that European capital uses migration to divert competition in the labour market towards areas where labour is in demand. The unemployed individual who is forced by his country's economy to move abroad for jobs is in this sense a pawn in a machine intended to make production efficient. Yet, at closer inspection, *all* the unemployed and workers who are forced to compete against each other for jobs or careers are pawns of the same machine, and the British workers who feel forced by these same laws to

antagonise with migrants *are* the best pawns of all, as this division effectively defuses our potential for rebellion.

In fact our rebellion against capital *must* first of all challenge our division along national lines, as well as along other lines such as gender or race. In light of this, in this section we discuss the success of a collaboration among activists from all parts of Europe and how these protesters took advantage of the Freedom of Movement, turning it into a motorway for solidarity and direct action.

In May 2016 social centre CASE Central gave its minibus to a group of people from Brighton and London, composed of British and EU citizens, to attend an international protest against a huge opencast coal mine in Lusatia, Germany.²² Air pollution and carbon emission is an international issue and it is important that protests are international – a national protest would have attracted far less people and would have been seen as a local issue.

The participation from Brighton and London was made possible because of the Freedom of Movement. The minibus could be driven by both a British and a German, it crossed the English Channel, travelled through Belgium and France, arrived in Germany, and came back. No problems with borders, no problems with traffic wardens, no problems with the insurance: all this *because we are in the EU*. The EU legislation on freedom of movement was turned on its head to become our freedom to challenge capital around Europe.²³

This freedom has been already exploited by many European movements, allowing, for example, the creation of a large European LGBT network, and allowing people to travel to France and Greece in solidarity with workers on strike. Other examples of such international networking are the international anti-fascist self-defence gatherings that have taken place around Europe, last time in Poland, and which will continue in spring 2017 with a gathering in Brighton.

It is true that people could travel around to protests before the EU opened its borders, and that wealthy radical students can travel to Seattle or Brazil for anti-capitalist gatherings. But the Freedom of Movement has made connections much cheaper and accessible: just grab a minibus and go! Together with making our connections easier, the Freedom of Movement has created the conditions to abolish our mental divisions: by developing concrete solidarity across borders and nationalities against the common enemy. This is more than clear to the far right, who would be

²¹ E.g. Rousseau.

²² <https://reclaimthepower.org.uk/uncategorized/uk-activists-to-shut-down-one-of-europes-biggest-coal-mines/>

²³ The merits of individual actions or demos across Europe is a separate issue. What is important is that the potential for transnational solidarity would be affected by a clamp down on the freedom of movement.

happy to see environmental, anti-fascist and LGBT activism set back in Europe.

FREEDOM OF MOVEMENT AND THE FREEDOM OF MOVEMENT – ILLEGALITY AS A WEAPON OF CAPITALISM

The Freedom of Movement is a contradiction of capitalism also in another respect: our potential to establish solidarity in our workplaces.

We need to clarify that *the* Freedom of Movement of labour is not just... freedom of movement, i.e. 'allowing free access' to migrants: it is also, and fundamentally, *a set of rules* that obliges each member state to treat all EU workers and self employed equally. Understanding this is fundamental: without the Freedom of Movement, all EU migrants would be desperate for any crap job, and their struggle to survive would work more efficiently in undermining all wages and working conditions. The principle of the Freedom of Movement were agreed to avoid the most extreme effects of migration.

Brexit will not stop migration, whether legal or illegal. In fact the leader of the House of Commons (at the time), Chris Grayling, suggested that EU migrants entering the UK from the Republic of Ireland would not need a visa, but could simply be denied a National Insurance number. It is clear that the ruling class is not interested in stopping the movement of EU workers to the UK, but to undermine their rights and divide them from national workers.

The separation of workers into 'legal' and 'illegal' is already an instrument of division which has a significant impact on solidarity in workplaces. In order to see how subtly this works, we will now mention a workplace issue, which involved foreign workers.

The scenario in this case was a small food outlet run as a family business. The owner ran the outlet with patriarchal authority, creating a system of personal favours, hiring illegal migrants and paying them under the counter and below minimum wage. This created a bond between employer and employees, based on gratitude for the favours, and perhaps also a shared feeling of solidarity *against the state*, as both the petty bourgeois employer and their employees dodged the law. Yet all this also consolidated a very exploitative relationship, where lack of rights made the illegal workers subject to the whims of their employer.

At the same time this situation also divided illegal and legal workers. The employees from the EU *had rights, guaranteed by the Freedom of Movement*. This meant that their entitlements did not depend on the employer's patriarchal good heart at all and that they could then see

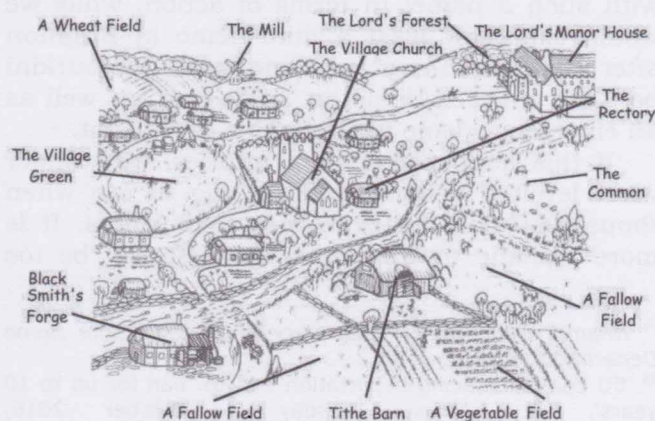
themselves in antagonism with the capital that hired them. Yet, with such a divided workforce, solidarity was impossible. In fact, the case started when a worker from the EU fell out with an illegal workmate: the illegal workmate stuck to the employer, and grassed the other up for minor issues, obtaining an unfair dismissal. After a brief dispute, the leaving worker obtained holiday pay, yet she did not, and could not, receive support from within her workplace.

We need to add that not just 'illegal' workers, also non-EU migrants who are granted a visa through their employers will be at their mercy, as they can have their work permit withdrawn at the employer's whim.

Currently, all workers from the EU are treated equally as British workers and their status does not depend on the will of their employers. For this reason, their loyalty can then develop along clear class lines. For example, we know about Eastern European health and social care workers who tried to initiate a workplace struggle in a care home, involving their British colleagues. By depriving EU migrants of their rights, Brexit will undermine this potential.

Besides our solidarity against the employers, Brexit will undermine our solidarity against the state. Currently, Polish, Italian, and German citizens are not uncommon in protests such as anti-fascist demos or direct actions in the UK. Less common are people from outside the EU. This is not because of a lack of political awareness (in fact, for example, many Iranian refugees were leftwing activists in their country) but because of a condition of vulnerability, as non-EU migrants depend on leaves issued by the national state. Unlike them, EU citizens feel that they can happily antagonise the state and risk arrest, without fearing repercussions, precisely because their right to stay is an 'aura' that derives from EU laws and not the state.

It is true that the British government has worked hard to undermine this aura. Following an appeal from the UK government, in January 2014, an EU court decided that prison terms can



seriously disrupt EU rights of residence.²⁴ Yet, most EU citizens are still protected, and feel safe in rebellious events, side by side with their British mates. These rights, however, can be wiped out by Brexit. The intention is there: Home Secretary Amber Rudd has just announced at the Conservative Party Conference in Birmingham that even before Brexit the new government will push to deport EU citizens found guilty of repeated minor offences.²⁵

Brexit will be the victory of a system which uses borders and illegality as a weapon to divide and weaken us. But the Lexiteers are still proud of this. After all, their anti-racist beliefs will shine unspoiled under the new conditions, *which they have voted to have* – and why not, with migrants under threat and the far right empowered, being an anti-racist will be even more exciting! This is, again, ineffective ideology. Our belief that 'solidarity has no borders' does not stand on abstract truths written once and for all by the Marxs and Bakunins and preserved in formalin, but on what we are going to lose: the concrete practice of struggle side by side.

In fact, perhaps we should not expect any exciting leftwing actions in defence of EU citizens at all. It is indeed instructive to compare the reaction to the banning of the Islamic 'burkini' garment in France and the xenophobic murder of a Polish migrant in Harlow, which both happened in the late summer of 2016. The search engine reveals the following posts/entries between August and 1 October 2016 (picture below).

Mentioning.....	Burkini ban	Murder/vigil
Left Wing and Proud (Facebook Group)	12	2
Socialist Worker (Britain) (Facebook Page)	6	1
Socialist Worker (Website)	18	3
Brighton People's Assembly against Austerity (Page)	4	0

Significantly, the Facebook group '*EU leave and remain voters united against racism and prejudice*' had in the same period *no posts at all* on the assault in Harlow or on the vigil that followed it, which would be expected from a group with such a name! In terms of action, while we would expect at least a mini demo in Brighton after a murder, there was none, while the burkini ban had a beach demo on 27 August, as well as an emergency demo in London on 26 August.

If this happened after a murder, we wonder what level of action we are going to see when thousands of EU citizens lose their rights. It is more realistic to think that the left will be too

busy with other, more ideologically uncontroversial, issues.²⁶

BREXIT MEANS WHAT? WORKING RIGHTS AND EXPLOITATION

Also the loss of EU directives that protect workers' rights (minimum wage, pregnancy and sickness rights etc.) is not a step out of global capitalism at all, especially in a situation, like the UK, of very low class militancy.

Like all laws and rights, EU rights are the result of a class settlement, but in this case the settlement has congealed the outcomes of struggles which have taken place in Europe. While the working class in the UK has quietly accepted to work harder on zero hour contracts after the financial crisis, other countries still face resistance from their working class. Although one may simplistically expect that an institution of the ruling class should automatically be against workers' rights, it is in the interest of capitalism that standards achieved in other countries, for example France or Germany, are imposed throughout the EU in order to protect national capitals against unfair competition. Thus EU directives impose, at least formally, minimum standards on British employers.

For a few years already UKIP had campaigned against rights at work, especially those imposed by EU directives, and their Brexit campaign was consistent with this. Attacking the EU and its 'red tape' meant to attack the laws that regulated work, as well as the use of pesticides, gas emissions, animal welfare, etc.

When the British people voted for Brexit, they were not told what Brexit meant – but this question became relevant only after the vote was made. Crucially, the question 'what does Brexit mean for the working class?' was not spelt out during the campaign. But something is now taking shape, with May blatantly pushing for very rightwing changes, for example the re-introduction of grammar schools.

²⁴ *Nnamdi Onuekwere v Secretary of State for the Home Department*, Case C-378/12.

²⁵ 'EU criminals facing deportation and UK ban for up to 10 years', *Sky News*, Tuesday 4 October 2016, <http://news.sky.com/story/eu-criminals-facing-deportation-and-uk-ban-for-up-to-10-years-10605190>

²⁶ This bankruptcy is exemplified by the action taken in July 2013 by six senior officers of Brighton and Hove District Trades Council and managers of the Brighton Unemployed Workers' Centre, when a worker from the EU who had lived, studied and worked in the UK for 20 years, complained about a xenophobic email sent to a British co-worker by her manager and UNISON officer Tony Greenstein: '*P. is a liar who only half understands English I'm not speaking 2 the bitch give me some credit*'. The reaction was: *silence* – not even a single word in solidarity with the worker, let alone a word censoring the email. In fact concrete solidarity was better shown to the worker by the supposedly politically illiterate proletariat of the local council estate.

The alliance of UKIP and Johnson was a winning combination. Johnson had been pro-EU for years, even demanding that Turkey be admitted to the EU 'to reconstruct the Roman Empire'. For the neoliberal Johnson, Brexit means to fully expose the UK to global capitalism. More than an opportunity, this will be a need: if the UK leaves the EU, it will be desperate for any trade deals, and will have to negotiate these deals with large powers and aggressive multinational corporations *as a country on its own*. China is well aware of this weakness: in the aftermath of the referendum, May was told that a refusal to go ahead with the controversial nuclear power station at Hinkley Point would jeopardise any future trade deals with China. A similar blackmail of the EU would have been impossible, but the UK needs to trade with China, while China does not need to trade with a small island.

Although UKIP's nationalism would superficially appear to be at the nadir of Johnson's globalism, the conjunction of 'stars' Farage and Johnson makes sense if we see Brexit, simply, as a victory of the ruling class. If UK industry is open to global competition, as Johnson was happy to prospect, national industry will have to adopt a new ethos of production for the sake of international competition. Already in September 2016, Brexiteer Trade minister Liam Fox said at a Conservative 'Way Forward' event for business leaders:

'We've got to change the culture in our country. People have got to stop thinking about exporting as an opportunity and start thinking about it as a duty....'²⁷

And a new ethos of work and money discipline will have to be re-imposed after decades of 'laziness':

'This country is not the free-trading nation that it once was. We have become too lazy, and too fat on our successes in previous generations.'²⁸

What appeared to be a reproach to 'lazy' chief executives, was in fact an appeal to make British production more efficient – after all, efficiency of production does not depend on whether its directors play golf, but on their capacity to squeeze their workers. In order to survive, British industry will have to streamline production to the standards of Jakarta, or Bangladesh – this means first of all to reduce *the costs of labour as well as environmental costs*, degrading the treatment of workers, animals, land, water and air. Thus the protection of workers imposed by the EU, however flimsy and difficult to enforce, will have to go, as Farage was happy to prospect.

The smaller domestic industry and petty bourgeois businesses will be under threat from global capital, but there will be lots of illegal migrants from the EU to squeeze.

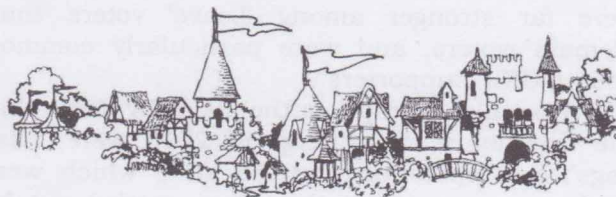
So, all the pieces of this the Brexit puzzle fit together, suggesting one meaning: *Brexit means UKIP*. The British capitalists who have been reluctant to face dramatic changes may accept the new challenge and its potential for extreme exploitation of the working class. All this, in the silence and acquiescence of many British workers who think that Brexit is a fantastic pro-working-class achievement, and in the silence and acquiescence of a politically obtuse radical left.

CONCLUSION

In this article we have argued that the Brexit victory reflected a victory of the far right. We have also seen that many people in the radical left have been blinded by the ideological forms of our social relations to the point of accepting this victory with acquiescence, or even supporting it.

A question remains: since the mystification of capitalism acts upon anyone, why are *we* able to criticise them? Have we read the right books? Or are we more clever? Not at all. We can criticise them because we have been involved in campaigns and direct action, supporting migrants and casual workers in their benefits and workplace disputes. Unlike some left wing or 'political' people who can only see the world from a secure job and a secure home, those who have a direct experience of class struggle for their survival are more likely to perceive the direct relations of bullying and exploitation behind the forms of bourgeois power – even if they have never read Marx! From this perspective, Brexit is not an abstract issue of 'globalisation', or 'bureaucracy' or any other clever, politically educated issues: it is simply, and obviously, the ruling class's concrete attempt to undermine our solidarity in the workplace and in the streets.²⁹

From this point of view, supporting a movement to defetishise the 'democratic' results of the referendum and sabotage the Brexiteers' plans would make sense.



²⁷ 'No10 distances itself from Liam Fox remarks on 'lazy' companies', *The Guardian*, 13 September 2016.

²⁸ Ibid.

²⁹ Analogously, it was only because of involvement in struggles with the German proletariat that gave Marx the opportunity to see through the veils of the capitalist forms – and not because of his philosophical studies.

The rise of conspiracy theories

Reification of defeat as the basis of explanation



INTRODUCTION: THE IMMEDIATE APPEARANCE OF CONSPIRACY THEORIES

During the EU membership referendum campaign in the UK, a rumour circulated that the outcome would be fixed.¹ MI5 or some other shadowy agency, it was alleged, would rig the result to ensure that, despite 'popular opinion', the Remain side would prevail at the polls and there would be no Brexit. The fact that pencils (rather than pens) were used in the polling booths was cited as evidence for this plot (since marks by pencil crosses can be rubbed out and changed whereas marks by pen cannot). A YouGov opinion poll found that 28 per cent of the sample said the referendum probably would be rigged (and a further 26 per cent said they did not know). These views on clandestine establishment interference were far stronger among 'Leave' voters than 'Remain' voters, and were particularly common among UKIP supporters.

A parallel example is the claim by some that the Charlie Hebdo killings of 2015 were 'false flags': i.e., operations by the state which were made to appear as if they were carried out by other forces. Certain supposed inconsistencies in

reporting – such as the apparent lack of blood when the police officer was shot in the head – were cited as evidence that this was a covert operation masquerading as a terror attack by ISIS supporters. The covert operation was attributed to different agencies – including the CIA and Mossad² – despite documented counter-evidence.³ Similar 'false flag' explanations also made an appearance following the Oklahoma bombing of 1995, the 2004 Madrid train bombings, the Sandy Hook Elementary School shootings in 2012, the Boston marathon bombing of 2013, and other events.

Other conspiracy theories take the form of denying an event happened at all – such as the moon landings; in this case there is a conspiracy to concoct evidence of an event by faking footage, from those in authority, who are again portrayed as highly successful in that the great mass of the public believe them.

Despite their differences, these explanations each have many of the features of a contemporary conspiracy theory. In each of these cases, there is

² 'The psychology and economy of conspiracy theories', Frankie Mullin, *Vice*, 20th January 2015

³ 'Charlie Hebdo': les théories conspirationnistes démontées point par point', *Les Observateurs*, 13th January, 2015 <http://observers.france24.com/fr/content/20150113-theories-conspirationnistes-charlie-hebdo-demontees-complot-retroviser-menotte-coulibaly>

¹ 'UKIP voters worried that MI5 will rig EU referendum, new poll finds', Jon Stone, *Independent*, 21st June 2016

a critical perspective, a suspicion of those in power, whose interests are seen as different from and in conflict with the wider public (the 'people'). This populist assumption of 'people vs elite' is married to a notion of the hidden intervention of state forces, and – crucially – the notion that these forces would succeed. Alongside an anti-elitist ontology is an elitist epistemology, for the explanation of the fact that 'mainstream' knowledge is wrong is supposedly that the great mass of the population are dupes – the people are 'sheeple' – and only the small band of enlightened conspiracy theorists see the truth.

The popularity of conspiracy theories seems to have increased in the last ten or fifteen years.⁴ There are observational examples to suggest this. Lisa McKenzie's study of a working class neighbourhood in Nottingham noted the prevalence of classical conspiracy theories, which centred on the Illuminati, which she noted was preferred to critiques of capitalism.⁵ There are also figures. According to one account, around 22 million people in the USA believe that the government faked the moon landing; and around 160 million believe that there is a conspiracy surrounding the assassination of former US president John F Kennedy;⁶ and in a recent survey, 37% of US voters were found to believe that global warming is a hoax and 28% believed that a 'secretive power elite with a globalist agenda is conspiring to eventually rule the world through an authoritarian world government, or New World Order'⁷ Conspiracy theories are now so common that some of them now mingle with 'mainstream' opinion rather than being limited to dedicated conspiracy theorists. Facebook and other social media are a conduit for many of them.

A recent report by the think-tank Demos (2010) suggests that the UK government is concerned about conspiracy theories (or that it should be). The concern is that the theories create distrust between government and the public – that they have a subversive effect. The report examines the links between conspiracy theories and 'extremist' groups, arguing that:

'While it is not possible to demonstrate direct causal links between conspiracy theories and extremism, our findings suggest that the acceptance of conspiracy theories in contexts

of extremism often serves as a 'radicalizing multiplier', which feeds back into the ideologies, internal dynamics and psychological processes of the group. They hold extremist groups together and push them in a more extreme and sometimes violent direction' (pp. 4-5).

As a form of populism, it seems likely that conspiracy theories reflect more than they create such distrust, however.

Of course there are many real conspiracies, in history and in contemporary politics. Historically, we have good evidence of state 'manufactured' incidents to start wars. Three famous examples: the 'Mukden incident' in 1931 which led to the Japanese invasion of Manchuria;⁸ the 'Gulf of Tonkin' incident in 1964 which led to the direct US involvement in the Vietnam War;⁹ and the 'Gleiwitz incident' in 1939 which was used as a pretext for the Nazi invasion of Poland¹⁰. All were apparently fabricated attacks in order to justify pre-planned military action. However, none of these 'incidents' involved the major destruction of resources or mass sacrifice of a country's own citizens, in contrast to conspiracy incidents such as Pearl Harbour – where it was claimed by some that Roosevelt and Churchill knew in advance what was going to happen and allowed it, to justify the US involvement in the world war. (As we will see below, the '9/11 was an inside job' conspiracy theory has a similar form.) So these real conspiracies are not enactments of a supposed opposition between 'elite' and 'people'. The Hillsborough disaster police cover-up was a real conspiracy too,¹¹ of course, and so was Watergate, and so was the blacklisting of the building workers by 'The Consulting Association'¹² between 1993 and 2009.¹³ So some conspiracies by state forces are certainly real, while others are merely theories and are called conspiracy theories. And of course we recognize that the term 'conspiracy theory' is a term used to discredit.¹⁴ Nevertheless

⁴ Several sources say the same thing, e.g. Barkun, M. (2013). *A culture of conspiracy: Apocalyptic visions in contemporary America* (2nd edn.). University of California Press. 'The conspiracy theory community are dangerous enemies to make', Alex Miller, *Vice*, 24th April 2013.

⁵ McKenzie L. *Getting by: Estates, class and culture in austerity Britain*. Policy Press.

⁶ 'Conspiracy craze: why 12 million Americans believe alien lizards rule us', O. Oksman, *Guardian*, 7th April 2016

⁷ Public Policy Polling: conspiracy theory results, 2nd April 2013.

⁸ Weland, J. (1994). 'Misguided Intelligence: Japanese military intelligence officers in the Manchurian Incident, September 1931'. *Journal of Military History*, 58 (3), 445-460.

⁹ Appy, C. G. (2006). *Vietnam: The definitive oral history told from all sides*. Ebury Press. pp. 112-3

¹⁰ 'World War II's first victim', *The Telegraph*, 29 August 2009

¹¹ 'Hillsborough disaster: deadly mistakes and lies that lasted decades', David Conn, *Guardian*, 26th April 2016.

¹² The Consulting Association was the successor to the Economic League.

¹³ 'Blacklisting victims win £5.6million compensation payout from major construction companies', Mark Ellis, *Mirror*, 8th February 2016

¹⁴ According to Mark Fenster in *Conspiracy theories: Secrecy and power in American culture* (1999), 'the term 'conspiracy theory' serves as a strategy for delegitimization in political

there are certain distinguishing features of those explanations usually called conspiracy theories.

One definition of conspiracism is the belief that powerful, hidden, evil forces control human destinies.¹⁵ Similarly, there is the notion of 'history as will'.¹⁶ Related assumptions shared by many conspiracy theories include the idea that nothing happens by accident, everything is connected;¹⁷ that power is the hidden motive for everything else; that who benefits from an event must have caused it; and that history is determined by conspiracies.¹⁸

While these characteristics are concerned with the nature of the world, other distinguishing features of conspiracy theories are concerned with how we come to know that world. The fundamental assumption that appearances deceive is the basis of numerous claims that the world is really the opposite of how it appears – for example seeing those who are political enemies as friends and those who are political friends as enemies.¹⁹ Also distinctive is the circular form of justification often found in discussions of evidence: 'negative evidence shows the power of the conspirators to manipulate evidence'.²⁰ As with the Charlie Hebdo example, there is usually a focus on apparent discrepancies in the official account of events or in the way they are reported, which is the step to positing an alternative account. Another feature is their 'meticulous pseudo-scholarship'²¹ and their source citation format which mimics conventional scholarship.²² Further, according to a number of scholars of conspiracy theories, selective treatment of evidence is part of the hallmark as is indiscriminately accepting any argument that points to conspiracy.²³

The term 'conspiracy theory' covers a range of types of explanation, ranging from accounts of specific incidents to grand or world conspiracy theories, which explain a series of events and social relations. The types of conspiracy theory we are concerned with in this article are those that

are populist, that typically characterise the world in Manichean terms (i.e., as divided between 'elite' and 'people'), and that therefore embody suspicion of and hostility to 'the establishment'. These explanations offer themselves as radical analyses of 'the powerful' – i.e., the operation of capital and its political expressions. One of the features that is interesting about these conspiracy theories therefore is that they reflect a critical impulse. We suggest that at least part of the reason for their upsurge (both in the past and in recent years) has to do with social conditions in which movements reflecting class struggles have declined or are seen to be defeated. When class struggles are strong, the concepts and categories of revolutionary theory (Marx's analysis of capitalism) makes more practical sense, and become relevant because of underlying praxis, as people try to grasp their situation. In times of weakness or defeat, however, there is a gap, which comes from a breakdown between theory and practice. Conspiracy theories are not a 'dominant ideology'. Rather than acceptance, they express a strong sense of grievance and of estrangement from the state and capital, although in distorted form. They operate as a substitute for theory/proper analysis, a way of 'understanding' current powerlessness. Through their appearance of being radical or subversive, they appeal to critical people who seek to attack and expose wrong-doing in the ruling class. But without praxis, they are theories cut off at important points from social reality.

This vision of a world shaped at will by powerful forces is a parallel to – and indeed appears almost as a parody of – revolutionary theory. It is a parallel because it agrees with revolutionary theory that the world is structured by unequal power relations, and that the powerful act in their own interests and against the interests of the majority. It is a parody because of its simplification of complex phenomena to a straightforward act of will; no longer are state actors vulnerable, human and sometimes incompetent; rather they are super-competent. As has been pointed out on many occasions, conspiracy theories offer a rationale for despair and inaction; they contribute to powerlessness – for if the 'powerful' are so fully in control, there is no point acting to change the world. But such conspiracy theories are also premised on defeat and powerlessness.

To explore this 'social conditions' hypothesis, we will first briefly trace the origin and history of conspiracy theories, and then examine some of the politics of conspiracy theories through noting their appearance in both right and left and anarchist campaigns and struggles. We show how conspiracy theories operate to disempower, and then consider the different explanations for their

discourse. [... it] has come to represent a political Other to a 'proper' democratic politics". p. xiii.

¹⁵ Barkun op. cit.

¹⁶ Hofstadter, R. (1964). The paranoid style in American politics. *Harper's Magazine*, 229(1374), 77-86.

¹⁷ Barkun op. cit.

¹⁸ Pipes, D. (1999). *Conspiracy: How the paranoid style flourishes and where it comes from*. Simon and Schuster. (pp. 40-47)

¹⁹ Pipes op. cit., p. 45

²⁰ Barkun op. cit.

²¹ Pipes op. cit.

²² Hofstadter op. cit.

²³ Louis Farrakhan accepted both the anti-Semitic claim that Hitler was an illegitimate descendant of the Rothschilds and the claim that Churchill was a Rothschild stooge; he explained the apparent contradiction by claiming that the Rothschilds hedged their bets by funding both sides in the war (Pipes op. cit. p. 41).

prevalence. Finally we examine some evidence that their growth reflects moments of defeat and weakness in the class struggle, using the example of 9/11 conspiracy theories.

HISTORY²⁴



In this brief history of conspiracy theories, we focus first on the groups most often identified as powerful conspirators and trace how they became seen this way. We shall see that in part the story of the supposed rise of powerful conspirators is a distorted, reified version of the ascent of the bourgeoisie and proto-proletarian groups threatening social change.

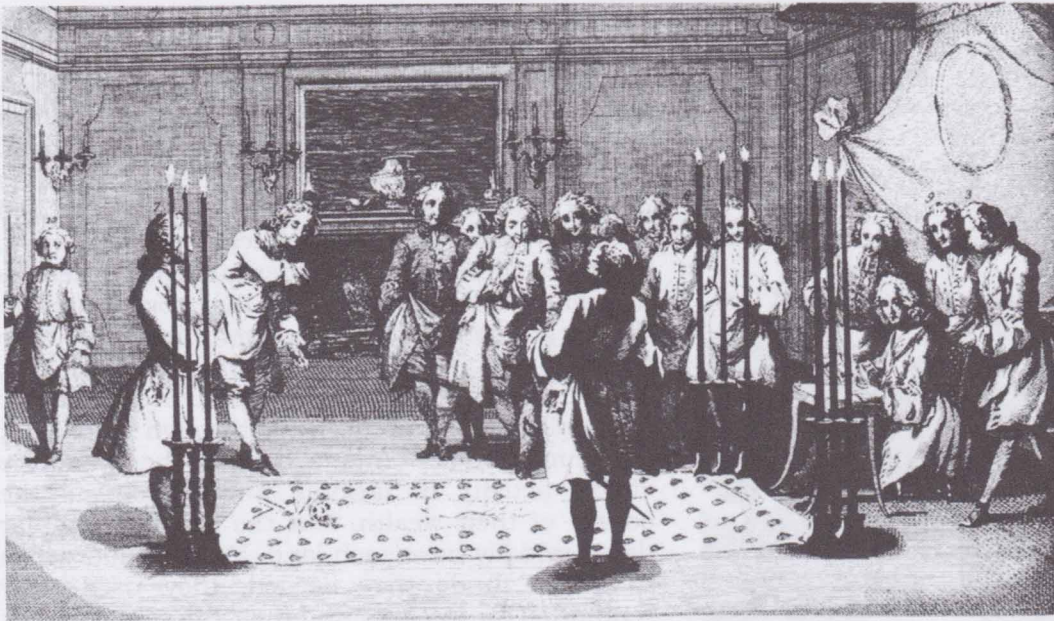
A tradition of conspiracism emerged in medieval Europe, and specifically at the time of the Crusades, where the form of belief in which a small group of conspirators seeing power – applied today to Jews, Freemasons and Illuminati alike – first emerged. The Crusades to capture and ‘protect’ the Holy Lands from non-Christians (beginning 1096-99 and for several following centuries) were associated with a popular hostility to and persecution of Jews, and in turn many Jews understandably became hostile to their persecutors. There were two types of conspiracy theory: the first that Jews sought world power on their own and the second that they were collaborating to do so with Muslims.²⁵ The origins of these were two-fold. On the one hand, the persecution of Jews led to a Christian fear of Jewish vengeance. Second, usury was not allowed in many countries. However, this law was not applied to Jews, some of who then made a living from usury, a practice which served to undermine the traditional relationships of feudal society. In an important sense, therefore, Jews became constructed as a malign force in the form of conspiracy theories because they became bearers of early capitalism.

A second enduring target of conspiracy theories also grew out of the Crusades: the Knights Templar. These were a group of soldier-monks who were set up in 1119 to protect Christian pilgrims going to and from Jerusalem. The Knights Templar were supported by the King of Jerusalem, and a number of popes and noblemen and were widely acclaimed in Europe. They were different from other monastic orders in a number of important ways that contributed to their reputation for malign power. First, they were fighting men, which was an expensive activity, and so they always needed funds. Second, other monastic orders raised money through their land; they employed peasants to work for them, and the visible activity of farming and rents was the source of their wealth. But the Knights Templar didn’t initially have such land. Instead, in order to raise the funds they needed, they used their reputation for integrity and their range of contacts to offer themselves as a banking service. However, again, banking conflicted with feudal norms against usury and so the Knights Templar became viewed with suspicion as they became more wealthy and acquired lands. They ultimately failed to protect the Holy Land from the Muslims; and this, combined with their secrecy and wealth, meant they fell from favour with the European establishment and were suppressed almost everywhere on the basis of accusations of apostasy. They were finished by the early 1300s. There is no evidence that they were actually seeking to challenge the existing order; rather, their banking activities were a portent of the coming social change, and perhaps this is really why many modern ideas about conspiratorial secret societies seeking to change or hold on to power are based on the Knights Templar.

In the eighteenth century, the medieval myths about Jews and Knights Templar were developed into the modern forms of conspiracy theory known today. This development coincided with three things: the emergence of many real secret societies, the French Revolution, and the emancipation of the Jews. The most notable real secret societies in the pantheon of conspiracy theories are the Freemasons and the Illuminati. The Freemasons organization comes from a medieval guild of craftsmen who carved stone for castles and cathedrals. In the seventeenth century, people who were not actually craftsmen began to join Masonic lodges, and by the early eighteenth century the organization became the structure it is today, with a Grand Lodge and a moral ethos, as well as a distinctive set of rituals and recognition symbols. Pipes (1999, p. 60) describes them as ‘middle class liberals who sought to improve society through free speech, elections and secularism.’ Put differently, they were part of the emerging bourgeoisie; while they

²⁴ Much of this section draws upon Pipes op. cit.

²⁵ While Jews were ‘the enemy within’, Muslims were ‘the enemy without’.



may not have seen themselves as revolutionary, they represented the changing world, where wealth was more fluid and not bounded to certain groups. Lodges soon spread from the UK to mainland Europe, where their mild reformism was seen as radical and was condemned by the King of France, the Jesuits, the Vatican, Protestant authorities and the Russian government. 'The fear of Freemasonry grew even as the membership came to be more prosperous, established, and conservative' (Pipes, op. cit.). Fear of the Freemasons was the fear by some of rising capital. Opponents linked the Freemasons with other secret societies, and with Jews, and constructed a continuity from the Knights Templar.

There were numerous secret societies in existence in the second half of the eighteenth century, many of which used the Freemasons as a model²⁶ or were set up in opposition to them. Well into the nineteenth century, many groups took this organizational form as a way of avoiding persecution: groups calling for social change had to exist in secret or risk death, in many cases. Elements of the secret society form were also to be found in the early trade union movement – for example oaths of loyalty – for similar reasons.

The most significant of the early secret societies in the late eighteenth century was the Order of the Illuminati, which was set up by Adam Weishaupt, a professor of Law in Ingolstadt, Bavaria, as an attempt to create a just and modern world within a corrupt society – a much more radical and political programme than

that of the Freemasons.²⁷ The Illuminati only lasted eight years before being suppressed, but they were influential, not least in terms of their organization, which demanded loyalty from members but which had an 'elite' and 'mass' structure, whereby the leadership are party to the inner secrets and ultimate goals, while the rank and file are only told milder,

less radical purposes. This form will seem somewhat familiar, for versions of it can be recognized in modern times across the political and social movement spectrum – from Leninists (such as the SWP) to fascist parties²⁸ to Jehovah's Witnesses.²⁹ Like today's entryists, members of the Illuminati joined other secret societies, such as the Freemasons, in an attempt to influence them, a strategy which other secret societies then borrowed.

At the end of the eighteenth century, the massive growth of secret societies, along with fears about them, was the basis of a fairly common type of explanation for political events. This process was enhanced by the French Revolution, since clandestine clubs were an important part of that (hence further inspiring revolutionary groups around the world to take this form – hence Blanquism, Leninism etc.). The apparent usefulness of conspiracy theories was

²⁷ 'Its teachings today seem to be no more than another version of Enlightenment rationalism, spiced with the anticlerical atmosphere of eighteenth-century Bavaria. It was a somewhat naive and utopian movement which aspired ultimately to bring the human race under the rules of reason. Its humanitarian rationalism appears to have acquired a fairly wide influence in Masonic lodges.' (Hofstadter, op.cit., p. 78)

²⁸ In his 1978 study of the National Front, Michael Billig described how the leadership propagated hatred against blacks as fodder for the wider rank and file but themselves were really more interested in the supposed World Jewish Conspiracy, the hidden core beliefs of the party elite who would ultimately bring about social change. (Billig, M., 1978, *Fascists*. Academic Press.)

²⁹ The elite-mass structure enacted in the secret societies and in modern groups is a reification of the social organization of bourgeois society itself. The groups take this division in society between those who have specialist knowledge/understanding (and hence the exclusive ability to lead) and those who do not as a natural thing, and hence embody it in their group's organization.

²⁶ For example the Italian Carbonari, which were one of very many secret societies in the Apennine Peninsula in the early nineteenth century.

particularly the case given that existing dominant explanations struggled to make sense of the Revolution, which represented a huge change from anything that had happened previously. It was also in the interests of some sections of society to offer conspiracy explanations; thus royalists focussed on powerful plotters rather than their own incompetence as a way of identifying a small group of enemies who they hoped could be more easily defeated than a mass movement.

But as well as giving sustenance to conspiracy theories, the French Revolution changed conspiracy theories themselves. The size and scale of the French Revolution meant the emergence of world conspiracy theories: theories about enemies seeking (or achieving) world domination. Following the French Revolution, a large number of publications proffered elaborate explanations for the events of 1789, attributing the events to one or more of the Knights Templar, the Illuminati and the Freemasons.³⁰ The former organization had not been suppressed after all, these authors claimed, but had gone underground for centuries to plot. One of these pseudo-scholarly works, Augustin de Barruel's four-volume *Memoirs Illustrating the History of Jacobinism* (1797-98), was for a while the most widely-circulated book in Europe.

The one group who did not seem to be blamed for the French Revolution were the Jews. It was only after Jewish Emancipation, which came after the French Revolution, that the World Jewish Conspiracy theory emerged. The fact that Jews benefited from the Revolution by the ending of special restrictions on them in 1791 then led some to suggest that Jews had *caused* the French Revolution. De Barruel developed his ideas to absorb this and other links in order to claim that Jews were controlling Masonic lodges, would enslave Christians, and set up a world Jewish government.

Consolidation and high points of world conspiracy theories

The nineteenth century saw the maturation of conspiracy theories. As mentioned, a number of political groups organized themselves as secret societies – in a sense a self-fulfilling prophesy as they attempted to avoid the paranoid and harsh police forces and right wing governments' fear of political change and secret societies. This provided the political context for conspiracy theories to appear justified. However, from the middle of the nineteenth century, the locus of

anxiety conspiracies shifted from small private societies to institutions and the state. Alongside fears (in Europe) of Britain and the USA, this development was bound up with that of modern anti-Semitism.

An anti-Semitic literature on the World Jewish Conspiracy had developed from 1870 onwards. The publication in 1903 of the forgery *Protocols of the Elders of Zion* enabled anti-Semites to reach out beyond their usual small circles and spread their ideas to a wider audience. The Protocols describes how Jewish leaders planned to create a 'super-government organisation' and presents itself as a transcript of a Zionist Congress that took place in Basel in 1871. In classic conspiracy theory style, it suggests that Jews use contradictory tools – both capitalism and communism – to meet their aims; thus the theory appealed across the political spectrum.

By the twentieth century, therefore, there was a change whereby instead of being seen as small groups outside the establishment trying to gain power (the rising bourgeoisie), conspirators were now seen as embedded within the establishment and already in power (the bourgeoisie ascendant). From the 1930s, forms of conspiracism were mainstream, as evidenced by McCarthyite fear of Soviet conspiracy when thousands of Americans working in entertainment or for the government were accused of being Communist Party members on the basis of no or little evidence. While the world wars saw these ideas in the hands of European governments (Nazi and Russian), after the second world war, they began to decline in the West.³¹ They also changed again. The USA rather than Britain became seen as the main conspirator.

Conspiracy theories from the 1990s onwards

Writing in 1997, Pipes noted that there was a resurgence of conspiracy theories in Europe in the 1990s (e.g. the use by Jean Marie Le Pen of the World Jewish conspiracy theory and the rise of Freemason conspiracy theories during the Serbian war), but he concluded that conspiracy theories were now in retreat in the West and don't seem to have much impact on 'ordinary people' that encounter them.) Since then, however, the rise of the internet (and especially Facebook) has given many more people immediate access to conspiracy theories, and sources suggest there has been a growth of interest in the past ten or fifteen years, as we noted earlier.³² The other main development is that many of the conspiracy theories have become intermingled. As well as increased popularity, there has been a general

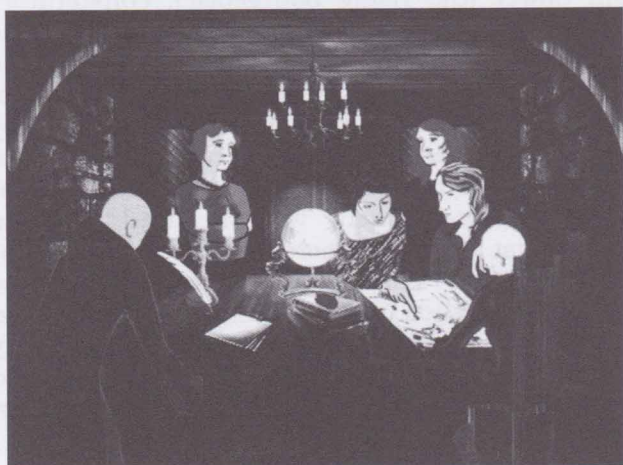
³⁰ 'the panic that broke out in some quarters at the end of the eighteenth century over the allegedly subversive activities of the Bavarian Illuminati... was a part of the general reaction to the French Revolution.' (Hofstadter, op. cit., p. 78)

³¹ Notwithstanding a second McCarthyite 'red scare' in the 1950s.

³² See footnote 4.

development of complexity of conspiracy theories in the last ten years.³³ In terms of content, the major development has been the cross fertilization of the different theories, which in the past were separate but parallel traditions.

Thus Barkun (2013) distinguishes between 'event conspiracies' (focusing on a discrete event or events – such as the Kennedy assassination), 'systemic conspiracies' (focusing on the broad goals of a single evil organization – such as the Jews, Masons etc.), and 'super-conspiracies' (in which multiple conspiracies are believed to be linked together hierarchically – this type has grown since the 1980s). However, FEMA concentration camps, implanted mind-control devices, and Illuminati can be treated individually or as connected.³⁴ One new admix is radical right /anti-government and UFO conspiracies (including Nostradamus, UFOs, and theories about the Illuminati). UFO writers had long been suspicious of the government. That started to mix with right-wing conspiracism in the 1980s and 1990s, borrowing from multiple sources.



THE POLITICS OF CONSPIRACY THEORIES

The right

Historically, going all the way back to the French Revolution, conspiracy theories have been associated with the right. Today they are very much associated with the US fringe right (sometimes Alt Right);³⁵ but in fact, conspiracy

theories are popular across the right wing spectrum in the USA, particularly in the last twenty years or so. The decision by the United States to go to war in the Gulf (1990-91) was taken by Pat Buchanan, David Duke³⁶ and others as evidence of a Zionist agenda based on Jewish infiltration of conservatism. The fact of the war (which right-wingers did not see as part of the US national interest), Bush's declaration of a 'New World Order' (understood as a 'Zionist Occupation Government' or 'ZOG'), on top of the FBI siege at the Branch Davidian compound in Waco, Texas in 1993, led to the emergence of the militia movement. Gulf War veteran Timothy McVeigh's bomb attack in Oklahoma City in 1995 was part of this; he explained his actions in terms of Iraqi deaths and US foreign policy in the Middle East.³⁷ Today, both the Imperial Klans of America (i.e., Ku Klux Klan) and the various right-wing militia groups (Michigan Militia, the Montana Militia, the Missouri 51st Militia, the North American Volunteer Militia, the Minnesota Minutemen Militia, and the South Carolina Militia Corps) all believe in the existence of a 'ZOG' (which is said to be behind such things as affirmative action and gun control). Additionally, the militias believe that UN forces are plotting to invade America and that FEMA (the US disaster response agency) has prepared concentration camps for US citizens.

The Republican right in the USA too draws upon conspiracist explanations – recently for example when Donald Trump,³⁸ in his acceptance speech for the presidential nomination claimed the 'system' was 'rigged'.³⁹ Again, this conspiracism is populist in form, and often has a close association with populist movements.

Presence in the anarchist movement

While conspiracy theories might be particularly associated with the right, the left and anarchist groups have also drawn on them at times. The following is an incomplete and somewhat

theories are more common in millennial movements than in the past.

³⁶ The Ku Klux Klan leader 'David Duke [has] now emerged as one of the most vocal of the extreme-right 9/11 conspiracy theorists. According to Duke, al Qaeda was behind the attack, but Mossad had prior knowledge of it and did not warn the US so that it would retaliate against enemies of Israel in the Middle East' (Winter, A., 2014, 'My enemies must be friends: The American extreme right, conspiracy theory, Islam and the Middle East', In *Conspiracy theories in the Middle East and the United States*, eds, M. Reinkowski and M. Butter, de Gruyter, p. 17).

³⁷ Winter, op. cit., p. 13.

³⁸ Some of Trump's supporters believe in a range of theories:

<http://www.politico.com/magazine/story/2016/08/conspiracy-theories-2016-donald-trump-hillary-clinton-214183>

<https://www.washingtonpost.com/news/wonk/wp/2016/05/05/the-outlandish-conspiracy-theories-many-o>

³⁹ Bernie Sanders used similar words and was later proved to be right – at least within the Democratic Party machine.

³³ Barkun op. cit.

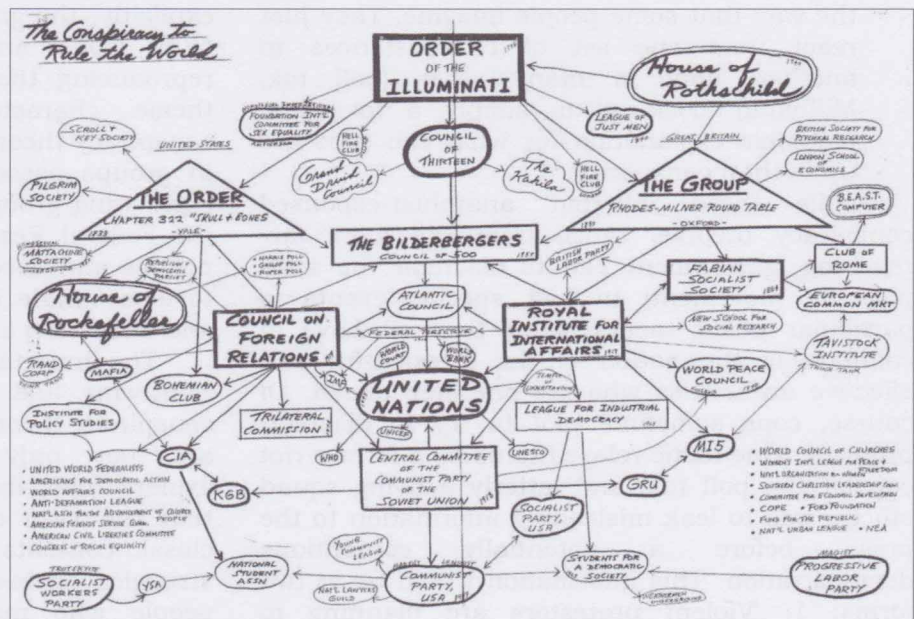
³⁴ Barkun, op. cit.

³⁵ Hofstadter (op. cit.) linked the 'paranoid style' to millennialism (the [Christian] belief that there will be a golden age). Conspiracism imposes a dualistic vision upon the world, but this is not sufficient for millennialism; and many conspiracy theories are not millennial – many are the opposite: they suggest the evil cabal is invincible (Barkun, op. cit.). However many millennial movements are conspiratorial and Barkun also suggests that conspiracy

arbitrary selection of examples, but it illustrates the point.

Back in the 1970s, Black Flag published on the Illuminati.⁴⁰ In the 1980s, there were a number of minor conspiracy theories doing the rounds in anti-state struggles. For example, at the Greenham Common women's camp, an explanation emerged for the prevalence of illnesses amongst the women that the US military was using microwaves against them. A more likely explanation, however, was that they were living in cold, damp caravans in the winter. It's worth noting too that this conspiracy explanation only became popular after the camp began to decline as fewer and fewer women were involved.

In the UK, two conflicting conspiracy explanations around riots have appeared in the 80s and 90s (and later) respectively. In the 1980s, there was the conspiracy theory that the government had enabled or deliberately allowed Toxteth and other places that were locations of the urban riots subsequently to be swamped with heroin, as a way of keeping people passive.⁴¹ Immediately following the poll tax riot of 1990, not only did Militant notoriously attribute the start of the conflict to the intervention of agents provocateurs,⁴² but a number of anarchists also argued the police deliberately engineered the riot at the behest of the Conservative government. The same kind of argument made an appearance during the student protests of 2010. Here, an apparently abandoned police van was 'explained' as a bait to encourage the protesters to attack it so that the protestors would appear gratuitously destructive.⁴³ And again, in 2011, in the otherwise useful video *Rebellion in Tottenham*⁴⁴, an abandoned police car on Tottenham High Road is claimed to be evidence of a deliberate police strategy to draw people in, encourage them to burn the car and create the riot. This is what we said at the time:



These kinds of explanations are typically premised upon an understanding of 'politics', within which the cops and the crowd are competing to win over an audience in the 'middle ground' who only support 'rioters' when they are victims. These kinds of explanations are politically disempowering, for the 'victims' are inevitably outwitted by the Machiavellian planning and superior anticipation of the super-intelligent cops. If such conspiracy theories are true, there is no point taking action for the real action takes place behind the scenes.

However, explanations such as this are rarely true and in general are complete bollocks. The supposed clever strategies of the cops at the poll tax and the student demonstrations appear to have backfired somewhat, for it was the cops who were the losers and victims, the ones treated for post-traumatic stress disorder and made to look like incompetent fools, while the movements each took encouragement from the events.

In the case of Tottenham, there is a simpler and much more plausible explanation for what happened that night than cop conspiracy. One of the main concerns for the cops when the cars were burning and they stood back was most likely to be Article 2 of the European Convention on Human Rights, the 'right to life'. In other words, they stood back because they believed that someone could have died if they got stuck in [and they would have been sued]... They didn't want to risk either another Blakelock (corporate manslaughter) or killing a rioter, with all that would have implied for an escalation - against them. In general, the cops simply are not sophisticated or organized enough to plot in

⁴⁰ While one of us can remember this well, we can find no trace of it now on the internet.

⁴¹ <https://radicaluniversity.wordpress.com/2013/06/04/the-heroin-ghost-towns-still-haunted-by-thatcher/>

⁴² See the Battle of Trafalgar video, by Despite TV, where a Militant steward makes this claim: https://www.youtube.com/watch?v=uzM_DAY3pnE See also 'In Living Memory' 12 March 2008 BBC Radio 4 <http://www.bbc.co.uk/programmes/b0093ws4>

⁴³ <https://www.latentexistence.me.uk/police-planned-destruction-of-van/>

⁴⁴ <https://www.youtube.com/watch?v=Faysa6h0IR8>

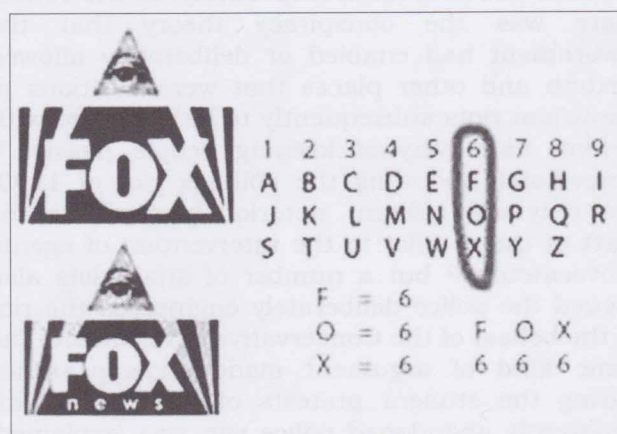
the way that some people imagine. They just react from one set of circumstances to another; and, in many cases (poll tax, Millbank) 'cock-up' is simply a far more plausible explanation for what the cops are up to than conspiracy.⁴⁵

While these different anarchist-espoused conspiracy theories range from the more far-reaching (government plot to discredit the anti-poll tax movement) to just specific events (a particular police tactic), what they all have in common is the notion of the foresightful and effective authorities who are one step ahead. Of course, cops sometime plot to try to discredit protests. (One tactic relayed to us by a former riot cop (at the poll tax) and latterly a flying squad officer, was to leak misleading information to the press before a potentially contentious demonstration. This information would be in two forms: 1. 'Violent protestors are planning to disrupt an otherwise peaceful event.' This was to justify pre-event police raids and to encourage the 'peaceful' organisers and protestors to separate themselves from the 'violent minority' on the day. 2. Also that as a result of the threat 'the authorities are flooding the streets with police, with armed units held in reserve, army' etc. to put off the 'violent minority' from attending.⁴⁶) But these kinds of examples do not involve engineering riots. Moreover, our point here is that the comparison of the 1990s (and onwards) conspiracy theories with those of the 1980s is revealing. In the 1980s, behind the critical conspiracy theory was the assumption that the authorities were *afraid* of riots; but behind the more recent conspiracy theories is the opposite assumption – that the authorities are trying to *create* riots. These recent 'explanations' of police provocation and state discrediting of movements are often premised on the assumption that rioting doesn't achieve anything and a respectable movement is always necessary. Thus we were more likely to find 'police conspiracy theories' following the poll tax riot among those who defined success in terms of the respectability of the movement – for them the riot was a defeat. As we shall argue below, movement defeat seems to be a major driver of conspiracy theories.

In the USA, Adbusters' 'subvertisements' contained the 'mass society' assumption that the 'sheeple' wouldn't get the critique.⁴⁷ More

explicitly, the group published an article entitled 'Why won't anyone say they are Jewish?'⁴⁸ reproducing the 'finance capital' anti-Semitism theme characteristic of the world Jewish conspiracy theory. The same theme has appeared in groups associated with Occupy Wall Street. Right-wing groups inserted their narrative about the Federal Reserve into the movement's visible politics and used Occupy's open-ended structure to disseminate conspiracy theories (anti-Semitic and otherwise) and White nationalism.⁴⁹

The important point here is that it is not just right-wing and nuts who espouse and believe conspiracy theories, and that conspiracy theories are not only right-wing and anti-Semitic explanations; there is also considerable evidence that the form of explanation and some of the classic contents appeal to people in and around struggles against the state and capitalism, and people who might otherwise use theories of capitalism/politics instead. For these critical, oppositional people, conspiracy theories take the place of theory – in a damaging way. This is why they matter.



EXPLANATIONS

Major unexpected events evoke attempts to understand and explain them, which is one of the main reasons why there is a spike in conspiracy theories following news of such events. This would appear to be why many of the ISIS-related attacks in the West have been followed by conspiracy theories circulating on the internet, as have disease outbreaks such as the Zika virus.⁵⁰

⁴⁵ 'Communities, commodities and class in the August 2011 riots', *Aufheben*, #20, 2012.

⁴⁶ Examples include Mayday 2001, see <http://www.schnews.org.uk/sotw/mayday-madness.htm> and June/November 1999 see <https://www.theguardian.com/media/1999/nov/08/sundaytimes.mondaymediasection> Also the Bush demo in 2003: <https://www.indymedia.org.uk/en/2003/11/280525.html>

⁴⁷ J. Conatz, 2014, Adbusted, <https://libcom.org/library/adbusted>

⁴⁸ Anti-semitism in Adbusters, 2004 <https://libcom.org/library/anti-semitism-adbusters-2004>

⁴⁹ S. Sunshine (2014) *The right hand of Occupy Wall Street: From libertarians to nazis, the fact and fiction of right-wing involvement* Political Research Associates.

⁵⁰ 'By analyzing more than 130,000 tweets that mentioned the words "Zika" and "vaccine" in the first four months of 2016, the researchers found that pseudoscientific claims and conspiracy theories rose rapidly and in near lock-step with increased mention of Zika among mainstream news outlets,

As Barkun argues,⁵¹ however, conspiracy theories have grown and spread so much in the last fifteen years or so that this is not in itself sufficient as an explanation.

A variety of explanations have been offered for the take up and popularity of conspiracy theories. There are clearly psychological and cultural factors. In different ways, these explanations point to the role of (loss of) power as a factor. However, psychological accounts cannot explain historical variation, which is what we are particularly interested in here. In the past, publication of tracts (e.g. *Protocols of the Elders of Zion*) helped promote conspiracy theories, and today the internet clearly plays a similar role in spreading the ideas; major world events and disease outbreaks are often followed by conspiracy theories circulated through social media. However, as an explanation this is just as limited and one-sided as the psychology/culture accounts.



Psychology

One of the largest areas of possible explanations is psychology. Hofstadter⁵² compared belief in them to paranoia.⁵³ However, more recent research suggests personality or cognitive variation rather than mental illness as the cause. A number of cognitive-style variables have been found to predict belief in conspiracy theories, including open mindedness, suspiciousness, not trusting other people or institutions,⁵⁴ and lower analytic thinking.⁵⁵ Feeling powerlessness and

high levels of uncertainty has also been shown to lead people to believe in conspiracies.⁵⁶

Believing in a conspiracy theory is also said to be a strategy people use to regain a sense of control in their lives, even in domains apparently irrelevant to the conspiracy theory.⁵⁷ Despite this 'control' motive, belief in conspiracy theories is intuitively disempowering; the theory depicts a world where there is little point acting since powerful forces are always one step ahead. Indeed a characteristic feature of conspiracy theories is to reify powerlessness. This has been shown experimentally too; exposure to government conspiracies led to less intention to engage in politics and lower likelihood of voting.⁵⁸

These observations about powerlessness point towards a different kind of explanation. As well as varying between individuals, powerlessness can vary across cultures.⁵⁹ Cross-cultural variation is beyond the scope of the present article. However, it is worth noting that, according to one commentator, the spread/uptake of conspiracy theories seems to be correlated with poverty/powerlessness; as countries develop, conspiracy theories decline.⁶⁰

And relative powerlessness can also vary over time. The statistics on the popularity of conspiracy theories show historical trends that cannot be reducible to individual cognitive differences. In particular what needs to be explained is the growing popularity in the last fifteen years or so, and the encroachment of conspiracy theories into the mainstream.

Diminished social forces – two examples⁶¹

The conspiracy theories that we are focusing on here are populist in form, and the rise of populism is predicted by threat to sections of society.⁶² However, these conspiracy theories are

health organizations, and government agencies on Twitter overall.' A. Bajak (2016) *Zika conspiracy theories and Twitter*. *Undark*.

⁵¹ P. 4, op. cit.

⁵² Op. cit.

⁵³ See Barkun (op. cit. p. 9) for a critique of this view.

⁵⁴ O. Oksman, 'Conspiracy craze' op. cit.

⁵⁵ Swami, V., Voracek, M., Stieger, S., Tran, U. S., & Furnham, A. (2014). Analytic thinking reduces belief in conspiracy theories. *Cognition*, 133(3), 572-585.

⁵⁶ Douglas, K. M., Sutton, R. M., Callan, M. J., Dawtry, R. J., & Harvey, A. J. (2016). *Someone is pulling the strings: hypersensitive agency detection and belief in conspiracy theories*. *Thinking & Reasoning*, 22(1), 57-77..

⁵⁷ O. Oksman op. cit.

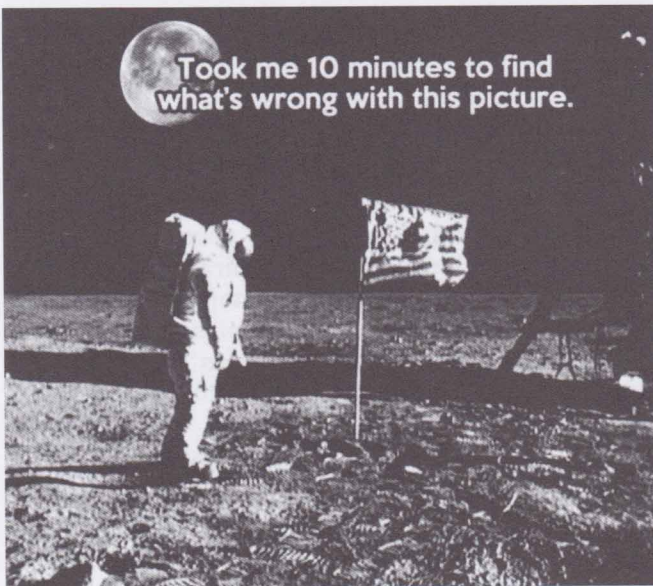
⁵⁸ Jolley, D., & Douglas, K. M. (2014). The social consequences of conspiracism: Exposure to conspiracy theories decreases intentions to engage in politics and to reduce one's carbon footprint. *British Journal of Psychology*, 105(1), 35-56.

⁵⁹ Today, both secret society/Illuminati theories and anti-Semitism are stronger in the East – especially the Middle East and Japan – than the West (Pipes, op. cit.). (One of us came across *Mein Kampf* openly on sale in the streets of Amman, Jordan – something unheard of in the West).

⁶⁰ Pipes, op. cit.

⁶¹ There are others we could refer to from our own experience. For example, when the No M11 link road campaign declined, some of the local residents turned from direct action to David Icke.

⁶² 'feelings of relative personal deprivation and a general view of society being in decline were found to be the major predictors of populism.... There is now reasonably consistent evidence that populism thrives on people's feeling



not just any form of populism; they don't simply attack 'elites' but also attribute super-competence to them. Therefore, the idea we seek to explore here is that conspiracy theories gain purchase particularly at times when there is clear shared grievance but also a defeat or retreat, and hence a break between the activities that people might be a part of and the ideas they have to express their understanding of their antagonistic relations. When there is no social movement or activity to embody an alternative, world events become reified into the will of 'the elite' via a conspiracy. When there appears to be no agency in one's class, then conspiracy theories have practical adequacy as ways of grasping the operation of capital and politics ('power'). We briefly review analysis of the emergence of conspiracy theories of the right and then of the black working class before exploring how this might have operated for the most widespread conspiracy theory of the present time, the idea that 9/11 was an inside job.

The Paranoid Style. Writing in 1964, Richard Hofstadter⁶³ said that, though conspiracy theories had been around for a long time, a new 'paranoid (right wing) style' had emerged in the USA. Three main developments in the USA seem to have contributed to the right's suspicion that unseen forces controlled the Federal government: fear of communist subversion, extensions of government power (the New Deal – introduced in the 1930s and accepted by Republicans in the

1950s), and the entry of Jews into public life.⁶⁴ He described how the take up of conspiracy theories by the right could therefore be explained in terms of the (perceived) dispossession of certain social groups in US society and the political changes taking place at that time. The adherence to conspiracy theories was heightened by the response of certain men, mostly in New England and among the established clergy, to the rise of Jeffersonian democracy. The spokesmen of earlier (nineteenth century) movements felt that they stood for causes and personal types that were still in control of their country – that they were fending off threats to a still-established way of life. But by the middle of the twentieth century, these same people felt dispossessed: America had been largely taken away from them and their kind, though they were determined to try to repossess it and to prevent the final destructive act of subversion. Their predecessors had discovered conspiracies; the modern radical right finds conspiracy to be betrayal from on high:

'Having no access to political bargaining or the making of decisions, they find their original conception that the world of power is sinister and malicious fully confirmed. They see only the consequences of power – and this through distorting lenses – and have no chance to observe its actual machinery.' (Hofstadter, op. cit., p 86)

Illuminati in the hood. Will et al.'s (2013) pamphlet *How to overthrow the Illuminati*⁶⁵ was produced as an intervention. They were responding to the increased popularity of Illuminati conspiracy theories in the black working class and in hop hop culture⁶⁶ in the USA. Their point was to show how when people drew upon Illuminati conspiracy theories to explain the social world and the operation of power and dispossession, what they were actually

of a lack of political power, a belief that the world is unfair and that they do not get what they deserve – and that the world is changing too quickly for them to retain control. Whenever people attribute the origins of their perceived vulnerability to factors outside themselves, [right wing] populism is not far away.' Stephan Lewandowsky (2016), *Why is populism popular? A psychologist explains, The Conversation*

⁶³ Op. cit.

⁶⁴ 'The basic elements of contemporary right-wing thought can be reduced to three: 1, First, there has been the now-familiar sustained conspiracy, running over more than a generation, and reaching its climax in Roosevelt's New Deal, to undermine free capitalism, to bring the economy under the direction of the federal government, and to pave the way for socialism or communism. 2, The second contention is that top government officialdom has been so infiltrated by Communists that American policy, at least since the days leading up to Pearl Harbor, has been dominated by men who were shrewdly and consistently selling out American national interests. 3, Finally, the country is infused with a network of Communist agents, just as in the old days it was infiltrated by Jesuit agents, so that the whole apparatus of education, religion, the press, and the mass media is engaged in a common effort to paralyze the resistance of loyal Americans.' Op. cit., p. 81

⁶⁵ <https://libcom.org/library/how-overthrow-illuminati>

⁶⁶ Jay Z etc. See for example D. Millard (2016) *Why hip-hop loves conspiracy theories*, Vice. http://www.vice.com/en_uk/read/why-hip-hop-loves-conspiracy-theories-bob-flat-earth

trying to grasp was capitalism and that an understanding of capitalism was needed:

Many black people saw small business owners exploiting black customers, and banks refusing to loan to blacks, and some of these people were Jews. ... These black artists and activists mistook the immediate appearance of their oppression for the whole thing. Yes, black people were exploited by petit-bourgeois business owners and bankers. Yes, many of these folks, (but not all of them) were Jewish. But they exploited black people because they were business owners, not because of their religion. (p. 10)

Illuminati theorists feel this force [capitalism] at work in society, but identify it incorrectly. (p. 20)

What is of particular interest here is that Will et al.'s brief analysis provides an attempt to relate the rise in conspiracy theories to the decline in a particular area of class struggle. They point out that by the 1970s, various conspiracy theories had already been circulating among black communities in the USA for years. These included the notion that certain soft drinks popular in low income (black) neighbourhoods were in fact being manufactured by the Ku Klux Klan and contained ingredients designed to sterilise black men; another conspiracy theory was that AIDS was created by the government to eliminate blacks; and a third, mirroring the riots-heroin conspiracy theory from the UK in the 1980s (see above), was that President Reagan and the CIA facilitated the crack epidemic, for the same reasons.⁶⁷ In each case we can perhaps understand the conspiracy theory as a distorted version of what was happening in terms of black Americans' real situation – for in terms of jobs, incomes, services, and treatment by police, they were indeed being 'destroyed' by the state as well as being persecuted by right wing groups.

These different conspiracy theories became consolidated and unified into a world conspiracy theory, drawing on the Illuminati myth and other groups, only after the defeats of the movement in 1970s, however. 'By the mid-1970s, the black liberation movement had been mostly defeated. The rebellions had been put down with armed force, and the revolutionaries were dead or imprisoned' (p. 10). Significantly, the state's means for crushing not only the Black Panthers and 'violent' groups but also the civil rights movement more generally was Cointelpro (the FBI's COUNTER INTELLIGENCE PROGRAM)⁶⁸ which

comprised a series of covert operations, many of which were illegal.

At the same time:

U.S. capitalism [also] adopted reforms to take the steam out of the movement. Black mayors were elected in cities across the US. New careers opened up for black professionals. There had always [sic] been black business owners and middle class people. But legal segregation and white mob violence kept them living with, and servicing, the black working class. Now many of the legal and social barriers holding down the black bourgeoisie and middle class were removed. They quickly rose socially and economically, and left the black poor behind...

The theories of revolution coming from these [previous] struggles lost popularity. All this left a political void in poor and working class black communities. Black people had made it into positions of political and economic power, but racist oppression and exploitation continued for poor and working class black people. How could one explain this reality?

Illuminati theory flowed in to fill this gap. It was similar to other conspiracy theories that had been used before. It said the black elite had made it because they were part of a secret group of rulers, or had cut a deal with the devil. It said poor and working class black people were still oppressed, because these rulers were super-powerful. And the trend deepened in the 1990s. (pp. 10-11)

We now explore how far this kind of explanation – in terms of the defeat of a movement – can be applied to help explain the sudden popularity of what has been said by some to be the 'greatest' event-conspiracy theory: the belief that 9/11 was an inside job.

THE DECLINE OF THE ANTI-WAR MOVEMENT AND THE RISE OF 9/11 CONSPIRACY THEORIES

The sudden rise of 9/11 conspiracy theories

Accounts questioning whether the 9/11 plane attacks on the WTC and the Pentagon building really were a terrorist attack by Al Qaeda appeared within hours of the event. These alternative versions focused on anomalies in the official account. One of the more well-known

⁶⁷ Pipes op. cit. pp. 2-5

⁶⁸ 'a program of covert action launched against the social movements of the 1960s and 1970s, perceived to be home-grown threats to the social and political order. The program baldly attempted to disrupt and destroy social movements like the Black Panthers and Students for a Democratic

Society. It also hatched bizarre schemes like a plan proposed by the FBI to hit printing plants with a substance "duplicating a scent of the most foul smelling faeces available." According to the report, at least 18 percent of the program squarely targeted speakers, teachers, writers and meetings or peaceful demonstrations, as opposed to criminal activity.' <http://inthesetimes.com/article/19093/church-committee-report-cointelpro-cia-fbi-movements>

'anomalies' is the supposed contradictory evidence in relation to the plane that hit the Pentagon, killing 184 passengers and people in the Pentagon plus the hijackers themselves. After taking numerous pictures of the wreckage, a CNN reporter on the scene was quoted as saying he could see no evidence of a plane crashing 'nearby'. The same reporter later said that his words had been distorted; he posted pictures of the plane wreckage and tried to engaged some of the sceptics directly, but it was only his earlier statement that was seized upon by these 'truthers', many of whom argued that the Pentagon had been hit by a missile not a plane.⁶⁹ Another common element in 9/11 conspiracy theories is the claim that the WTC towers collapsed through a controlled explosion not a plane attack.

There are a range of 9/11 conspiracy theories. One of the most popular varieties suggests that the US establishment itself was responsible for the 9/11 attacks. A weakened version suggests that Bush et al. had prior knowledge of the attack and allowed it to happen. This is typically not a right-wing theory but rather is grounded in a left or liberal critique of American foreign policy; the argument goes that 9/11 was staged by the US government to justify a subsequent war in the Middle East for control and oil. The suppose collusion with terrorists funded by Saudi allies is also said to have been a deliberate ploy to justify increased securitization and control in Western countries.⁷⁰ Another version suggests that Israel engineered the events.

There are many more details to the varieties of 9/11 conspiracy theory, which we won't go into here.⁷¹ We also won't spend much time debunking these theories, as that too has been ably done elsewhere, except to make the following key points. First, because the US and Al Qaeda had been at war for several years before this event, an attack by Al Qaeda is the parsimonious explanation for the events and so a conspiracy explanation is unnecessary. Second, there is a fundamental misunderstanding of the way that international politics work to suggest that the USA establishment needed such a risky act of self-destruction to manufacture an excuse for its interventions in the Middle East and

Afghanistan.⁷² And, third, as is the case with similar conspiracy theories, such an act by the USA would require an implausible level of obedience, organization and complicity at all levels.

It was a week after the attacks that the first full blown 'inside job' conspiracy theories appeared. These were first published in France and were treated by the US media with either puzzlement or amusement. In these early days, the conspiracy theory was restricted to left-wing and counter-cultural critics.

It wasn't until 2004 that 9/11 conspiracy theories began to increase in interest in the USA wider public. There was an upsurge in publications and of coverage in the mainstream media between 2004 and 2006.⁷³ This public response was now recognized as so serious and widespread that the U.S. government felt obliged to respond officially. They rebutted the conspiracy theory claims about the collapse of the WTC buildings by publishing a report by the National Institute of Standards and Technology, which basically showed that the planes damaged building support columns and displaced fire-proofing structures; tons of jet fuel poured into the building, and subsequent fires caused floor beams to expand and disconnect from the perimeter columns which then buckled. This created sounds like explosions. In 2006, the State Department also went as far as to debunk the conspiracy theories on a webpage they created. These rebuttals and similar detailed statements from structural engineers actually had the opposite effect of silencing the 'truthers' who now went to work in forensic detail challenging every element in the rebuttal statements.

In summary, therefore, while 9/11 conspiracy theories were present from the outset, the massive interest in them (particularly in the USA) didn't come until 2004 – some three years later. This change in interest can be seen in opinion polls.⁷⁴ We now turn to the possible explanations for this pattern.

⁶⁹ J. J. McIntyre (2014) *Elements of disbelief: A case study of 9/11 truthers and the persistence of misinformation in the digital age*.

⁷⁰ Another example of 'who benefits from an event must have caused it'.

⁷¹ See P. Knight (2008). Outrageous conspiracy theories: Popular and official responses to 9/11 in Germany and the United States. *New German Critique*, 35, 165–93. He also argues that while 9/11 conspiracy theories have many features of classical conspiracy theories, they also depart in important ways – for example constructing greater complexity than the usual Manichean schema (see p. 182).

⁷² Of course, it concocted Weapons of Mass Destruction as an excuse for attacking Iraq, but the fact that it ignored the UN suggests that it wasn't fully reliant on an excuse and would have gone ahead anyway.

⁷³ Knight op. cit.

⁷⁴ NY Times/ CBS polls: "When it comes to what they knew prior to September 11th, 2001, about possible terrorist attacks against the United States, do you think members of the Bush Administration are telling the truth, are mostly telling the truth but hiding something, or are they mostly lying?"

May 2002 responses: 21% said "telling the truth", 65% said they are "mostly telling the truth but hiding something", **8% said they are "mostly lying"**, 6% not sure.

3/30–4/1/04 CBS 24% said "telling the truth", 58% said they are "mostly telling the truth but hiding something", **14% said they are "mostly lying"**, 4% not sure.



Growth of the Internet

One of the factors that has widely been acknowledged to have contributed to the spread of conspiracy theories in general (and hence to 9/11 'inside job' theories in particular)⁷⁵ is the growth of internet use.⁷⁶ However, on every measure – hours online, number of people online, number of Facebook users, use of smart-phones – the growth of internet use has been a steady, linear increase.⁷⁷ The shape of growth of internet use is quite different than the shape of growth of 9/11 conspiracy theories.

The internet alone cannot account for the growth in belief in the 9/11 conspiracy theories. Moreover, the internet also makes rebuttal more

4/8/04 CBS 21% said "telling the truth", 66% said they are "mostly telling the truth but hiding something", **10% said they are "mostly lying"**, 4% not sure.

4/23–27/04 24% said "telling the truth", 56% said they are "mostly telling the truth but hiding something", **16% said they are "mostly lying"**, 4% not sure.

Oct 2006 responses: 16% said "telling the truth", 53% said they are "mostly telling the truth but hiding something", **28% said they are "mostly lying"**, 3% not sure. (our emphasis added)

https://en.wikipedia.org/wiki/Opinion_polls_about_9/11_conspiracy_theories

⁷⁵ D. Banks (2016). *The internet as conspiracy theory. The Society Pages.*

⁷⁶ Wood, M. J., & Douglas, K. M. (2015). *Online communication as a window to conspiracist worldviews. Frontiers in Psychology, 6.*

⁷⁷ The correct measure to be used here should be $n - 1$ factorial to represent the connections between people. However, we use a measure based on aggregated individual use as a rule of thumb.

available. Therefore while the growth of internet use and Facebook specifically clearly contributed to the uptake of 9/11 conspiracy theories – by simply making them more available – this growth rate has a different pattern than the sudden, massive increase in interest (particularly in the USA) in 9/11 theories from 2004.

Discrediting of the justifications for war

The established factor that maps on quite clearly to the pattern of increased interest in 9/11 conspiracy theories is the sudden increase in criticism of the Iraq War and President George W. Bush in the USA and the Blair government in the UK. Most obviously the failure to find the weapons of mass destruction (WMD) that were the supposed reason for going to war in Iraq. But there were other examples of dishonesty and deception that fed into the conspiracy theory narrative:

the too easy acceptance of apparently forged documents purporting to show that Saddam had attempted to purchase yellowcake uranium ore from Niger; the belated release in 2004 (under pressure from the 9/11 Commission) of the Presidential Daily Briefing of August 6, 2001, which included the section "Bin Laden Determined to Strike in US"; and recent reports that NORAD lied to the 9/11 Commission.⁷⁸

Other examples included the supposed ricin plot in Wood Green, which was also hyped up to justify going to war.⁷⁹

As we noted, many 9/11 conspiracy theories are premised on critique of US and UK foreign policy. They became mainstream at just the time that this policy was being discredited as dishonest and apparently based on ulterior motives. However, what is also interesting, perhaps, is why this critique took the form of a conspiracy theory. When the Vietnam War lost legitimacy, with the majority of Americans regarding it as a mistake by 1967, the frameworks that people draw upon for understanding the continuation of the war were not conspiracy theories but politics.⁸⁰ There was still a massive anti-war movement at this time, as well as a belief in the wider society that the world could be changed by struggle and protest. In the case of the war in Iraq, however, by the time the war lost popular legitimacy, the mass movement against the war had collapsed after it had been seen to fail. This meant there was an absence of an alternative political-praxis framework or reference point. The critical people, who might have drawn upon a political analysis in which US power is not so inevitable, sought other kinds of

⁷⁸ Knight op. cit. pp. 182-183

⁷⁹ https://en.wikipedia.org/wiki/Wood_Green_ricin_plot4

⁸⁰ Of course, the Vietnam war lost legitimacy for other reasons than government dishonesty.

explanations. Therefore, while the discrediting of the WMD excuse explains the sense of illegitimacy and grievance, what it does not explain is the powerlessness-content of the conspiracy theories that became popular at that time. This rise in conspiracy theories, we suggest, could correspond with the lack of collective agency that comes with defeat.

Rise and decline of the Iraq anti-war movement

The important point to bear in mind when considering the movement against the Gulf War (2002-2003) was that it was a genuine mass movement – in the UK, in the USA and in many other countries around the world. This is particularly clear when comparing this movement with those (would-be) movements that preceded it. The anti-globalization/ anti-capitalist movement (1999-2001) had little existence outside the mobilizations at the major summits – of the G8, World Trade Organization, World Bank, International Monetary Fund (IMF), European Union. It was also riven with internal contradictions.⁸¹ It was a movement of activists, if anything, and had insufficient connection with the wider proletariat. It was not a mass movement.

The opposition to the 1991 Gulf War and the 'humanitarian' war in Kosovo (1998-1999) likewise both failed to engage with people beyond the usual small groups of activists.⁸² The same was true of the 2001-2002 anti-war movement opposing the attacks on Afghanistan. Immediately after 9/11, a network of local groups and a series of national demonstrations was organized to campaign against the bombing. But this soon became smaller over time as activists dropped out and eventually the movement collapsed.

By contrast, the movement against the war on Iraq that was active in 2002 was one of the most exciting movements in years. It was a mass movement. Protest marches and rallies against the threatened bombing of Iraq began in September 2002. Events took place throughout October. In the UK, the Stop the War Coalition⁸³ called for local protests on 31st October 2002, in coordination with a similar call for demonstrations around the world. Indymedia reported around 150 such events in the UK alone that day (which was a working day).⁸⁴ The street demonstration and school children's protest in

Brighton that day outmanoeuvred the police and its success in controlling the streets influenced later demonstrations (and police responses).

In the UK the national mass 'meetings' were carefully choreographed by the SWP through their front organization, Stop the War Coalition, and most people were fairly uncritical of these. Nevertheless, it seemed like every town had their own genuine anti-war group, who met on a regular basis, so the movement existed well beyond the front.

Large demonstrations continued throughout January 2003 across the world, culminating in the biggest demonstration the world had ever seen,⁸⁵ on February 15th 2003. Globally, about 10 million people demonstrated in at least 600 cities throughout the world, in many countries breaking attendance records previously held by the early 1980s protests against nuclear armament. It was also a very mixed crowd, including many people who had no previous history of political activity, and from very different backgrounds:

In many countries, observers emphasized the internal diversity of the turnout and the representativity [sic] of the protest. In the United Kingdom, *The Times*, for example, described the London marches: "Groups representing their local churches and mosques, university students, parents with young children... People who have never been on a demonstration before... the grandmothers, ranging in age from later 40s to a frail 86. Cooks, teachers, doctors, computer programmers and grandmothers. Virgin Marchers, elderly, the young, families: people from all walks of life." ... The German *Die Zeit* did the same concerning the Berlin marches: "People of all ages and all professions were on the streets, expensive designer coats marched side by side with worn-off parkas." ... As did *The New York Times*: "Protesters came from a wide range of the political spectrum: college students, middle-aged couples, families with small children, older people who had marched for civil rights, and groups representing labor, the environment and religious, business and civic organizations." ... The Dutch *NRC Handelsblad* asserted similarly reporting about the Amsterdam march: "Demonstration veterans, but also ordinary a-political citizens." ... The French *Le Matin* made exactly the same point referring to the protests in Paris: "Barbie dolls, doctors, lawyers, students, farmers, unemployed." ⁸⁶

⁸¹ 'Anti-capitalism as ideology... and as movement?', *Aufheben* 10 (2002)

⁸² 'A phenomenal anti-war movement', *Aufheben* 12 (2004)

⁸³ This organization was set up in September 2001 in response to the attacks on Afghanistan, and initially was also led by the Labour left, Socialist Party, CND and Muslim organizations.

⁸⁴ <http://www.indymedia.org.uk/en/2003/09/277888.html>

⁸⁵ Walgrave, S., & Verhulst, J. (2009). Government stance and internal diversity of protest: A comparative study of protest against the war in Iraq in eight countries. *Social Forces*, 87(3), 1355-1387.

⁸⁶ Walgrave & Verhulst op. cit.

The official figure for the London even was a million, though some sources put the figure as high as two million. The Italian demo was said by organizers to be three million; there were 250 demonstrations alone in Canada and the United States.⁸⁷

In the UK, there were 'structural' reasons for the growth of the movement against the war in Iraq.⁸⁸ Anxiety was increasing among different sections of the population, including the 'middle classes' who had been persuaded to vote for New Labour but who were now facing insecurity to white collar jobs in the public sector, loss of occupational pensions and therefore the failure of the government to look after their interests. Many were people seeing themselves as middle class but now threatened with becoming a new working class. The threat of war against Iraq served to unite disparate groups with apparently different grievances, who now could see that they shared the same antagonism. These were among the reasons why the anti-war movement in the UK was much bigger and more inclusive than the movements that preceded it. The huge size meant that it was capable of a high level of activity and participation, including actions that disrupted daily life in many towns and cities around the country – such as blocking roads. While many of these actions (marches, rallies) were not themselves particularly radical, what was interesting is that they drew in many people who had not previously been 'political' but who became politicized through their participation. This meant that they were sometimes a little unpredictable and 'uncontrolled' – such as the Halloween event mentioned above.

This influx of new people created a sense of possibility that challenged the usual sense of fatalism accompanying the threat of war, and which had prevented the campaigns against the war in Afghanistan developing. Thus the giant demonstration in London engendered a sense that the movement could have some effect, could impact on the drive to war, preventing it happening. Indeed, the belief of many of those that took part in that demo was that they could influence the parliamentary vote and so stop the war.

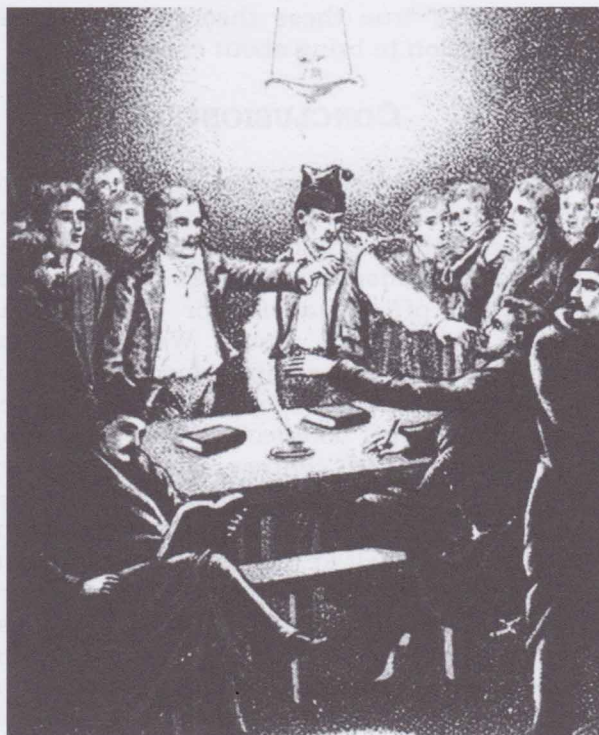
The movement did have some impact.⁸⁹ The ruling class were shaken by the size and composition of the opposition. The government was split and forced to agree to a parliamentary vote, causing a delay in the start of the war by several months. Nevertheless, the war did go ahead. The February 15th demonstrations were

the zenith of the movement and in effect the beginning of the end. On the day the war began, there were mass demonstrations around the world. Yet the movement fell into a rapid decline. Demonstrations continued but they were much smaller; they and the local groups became numerically dominated by the same old faces instead of the new people.

After the invasion began in March 2003, many of the new activists felt that if a demonstration of the size and strength of February 15th couldn't prevent the war then collective action itself was pointless. The failure to prevent the war had a disillusioning effect for these neophytes.

As we have seen, it was after this time – i.e., by 2004 – that 9/11 conspiracy theories became widespread and even 'mainstream'. The revelations about the dishonesty of the Bush and Blair administrations, in 2004, happened at a time when the anti-war moment had shrivelled to the small hard-core of activists. As far as most people were concerned, there was no anti-war movement, no 'alternative politics' to the politics of war.

Were the people who dropped out from the anti-war movement, who were disillusioned with 'politics' and struggles, the same people who were now drawn to 9/11 conspiracy theories? The basic growth in belief in 9/11 conspiracy theories is to a large extent of the left-wing variety, operating as a critique of US foreign policy in the same way that the movement did. At least some of the newly politicised people were likely to have the same grievances and hostility towards the US state, and were likely to be those seeking critical



⁸⁷ Della Porta, D., Diani, M., & Mastellotto, L. (2003). No to the war with no ifs or buts: Protests against the War in Iraq. *Italian Politics*, 19, 200-218.

⁸⁸ For more details, see *Aufheben* 12 (2004) op. cit.

⁸⁹ Though not the hyped effect the SWP claimed.

understanding separate from protest activity. We know some people like this. And many others for whom the 9/11 conspiracy theories now had appeal were probably those who were never active, including keyboard warriors and other passive critics, who might have treated the movement's activity and analysis (i.e. that struggles change politics) as a reference point; they could no longer do this if there was no movement.

For many of these critical, disempowered people, previously the theory embodied by the mass anti-war movements (of a world shaped by struggle) would have made good sense; but now 9/11 conspiracy theories were perhaps a good 'fit'. These 9/11 conspiracy theories expressed the dissatisfaction they felt with a world of 'injustice', where the 'establishment' of 'wealthy nations' could wipe out thousands of people despite the wishes of their own citizens. The conspiracy theories also highlighted the secrecy, dishonesty, and clandestine nature of power, in line with the plot to lie about WMD. The conspiracy theories also pointed to the strategic alliances that make up the political world at the top. In addition to all this, and crucially, the conspiracy theories reflected the powerlessness (or at least the feeling of such powerlessness) that comes from disconnection from 'politics' or activity and the possibility of social change; they express the weakness that comes from defeat and the sense that the 'elites' will impose their will against and despite anything the 'people' could do. There is a shift from 'politics' as something we do to 'politics' as the machinations of elites that we contemplate. While the social condition of the 9/11 conspiracy theories is therefore disempowerment, this is also its effect, for if true these theories obviate the impulse for action to bring about change.

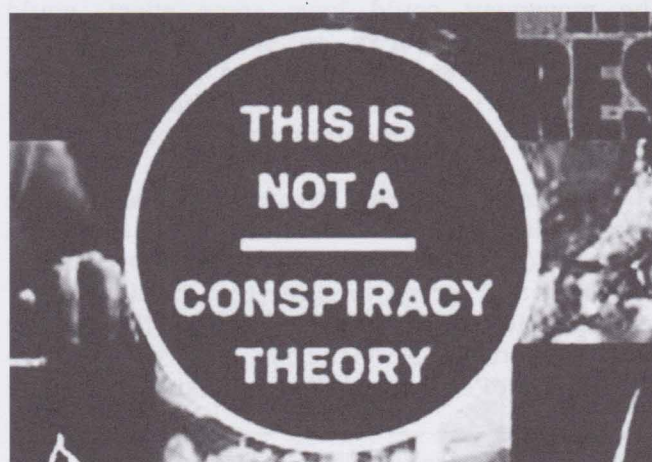
CONCLUSIONS

In this article, we have not aimed to refute conspiracy theories (except in passing) but rather to understand the conditions for their emergence and popularity. Conspiracy theories often mistake the workings of capitalism for a conscious conspiracy by a small group. We noted that conspiracy theories arose with a focus on certain small groups apparently trying to achieve power at a time when the bourgeoisie was organizing itself. By the twentieth century, when conspiracy theories shifted to the notion that the conspirators were actually in power, capitalism had consolidated itself in Europe and the USA. In modern times, while there are a number of factors that seem to explain their spread, populist conspiracy theories seem to reflect not only an opposition to 'the establishment' – usually a distorted form of opposition to the operation of

capitalism – but also a real defeat or failure that gives rise to powerlessness. Conspiracy theories express that powerlessness as the idea of untrammelled power and foresight of 'elites'.

There are different degrees of defeat and powerlessness, which might explain some of the different reactions of groups adhering to conspiracy theories. While left-liberal critical conspiracy theories such as '9/11 was an inside job' seem to correlate with an absence of activity, the conspiracy theories of the right have led some to mobilization. The right-wing militias' visions of 'ZOG' suggest that the liberal elite want to take away their guns, put them in FEMA concentration camps etc. – but these things haven't happened yet. Within the system, these groups of conspiracy theorists still have the hope that they can maintain their way of life. For others, however, it is too late and hence there is no point resisting.

If conspiracy theories do reflect a critical impulse, can they ever be really subversive, or do they cause more damage to the cause of revolution than they can threaten this world of capitalist relations? They may have unintended positive effects. According to one source, 9/11 conspiracy theories 'played an instrumental role in convincing various 9/11 pressure groups that there were many unanswered questions, which in turn led to the pressure on the White House to rethink its initial opposition to a full investigation and its initial appointment of Henry Kissinger as chairperson.'⁹⁰ DEMOS might be partially correct to say that conspiracy theories 'create' distrust between public and governments, which could lead in interesting directions – as well as to dead-ends and to fascism. However, our analysis suggests that conspiracy theories reflect more than cause such distrust. Therefore the underlying relations of antagonism, not the distorted ideas coming out of these relations, are the real basis of transcendence.



⁹⁰ Knight op. cit. p. 182.

The Perils of Borrowing Someone Else's Spectacles



AUFHEBEN'S INTRODUCTION

In 2010 and 2011 we published two articles analysing and explaining the economic crisis that began in 2008.¹ We were approached last year by comrades at Klinamen Editorial (Spain) who were putting together a translation of these two 'crisis' articles, plus our 2012 article on the Euro crisis.² They asked us to write a short piece,³ updating our analysis, which they could use as an Afterword in their book. In this short piece, we reflected upon our previous analysis of the UK economy and global situation, and indicated what we thought might happen in the future, including the extent to which capitalism was capable of recovery (versus inevitable decline). Part of the new analysis covered developments in China, as we suggested that the prospects for post-crisis

¹ 'Return of the crisis: Part 1' (*Aufheben* #18) and 'Return of the crisis: Part 2 - the nature and significance of the crisis' (*Aufheben* #19).

² 'The euro crisis: taking the PIGS to market' (*Aufheben* #21, 2012).

³ See 'The crisis: An afterword (2016)' available in English on Libcom.

global growth would depend on 'China [being] able to return to, and then sustain, its long term target rate of growth of 8%-7%.' We then briefly discussed some of the factors that could contribute to this return to growth, including China's infrastructure plans, which aimed at 'shift[ing] China's economy from being a major net importer of capital to a major exporter of capital - thereby allowing Chinese capital to exploit the labour and the production of "primary commodities" across the globe'.

In response to this 'afterword', the *Chuǎng* group, whose activity focuses on 'analyzing the ongoing development of capitalism in China, its historical roots, and the revolts of those crushed beneath it',⁴ produced a short article criticizing our analysis. We reprint this below, as an *Intakes*. It should be clear to readers from the number of articles we have published over the years analysing the situation in China⁵ that in our view *Chuǎng*'s project is a worthwhile and important one, and we acknowledge the time and effort that has gone into it. In our response to their response, however, we argue that, in drawing up their lurid analysis of the current economic situation in China, they have borrowed the spectacles of neo-liberal economics and therefore their analysis suffers from certain important blind-spots.

Aufheben, October 2016

Intakes: SCENARIOS OF THE COMING CRISIS: A RESPONSE TO AUFHEBEN'S 'THE CRISIS: AFTERWORD'

In China, official politics is a game of arcane signals. Predicting tectonic shifts in policy requires that one read the seismic shudders buried beneath terse statements issued by poker-faced officials. Slight changes in terminology may hint at sliding allegiances or new waves of repression. The most significant signals, however, take the form of interviews with anonymous oracles—almost always an "authoritative person"—their words propagated by the state's highest media organs without attribution. The more such oracles speak, the greater the magnitude of the coming "intervention." Such

⁴ See <http://Chuǎngcn.org/journal/>

⁵ 'Welcome to the 'Chinese century'' (*Aufheben* #14, 2006), 'Class conflicts in the transformation of China' (*Aufheben* #16, 2008), 'Obama's pivot to China' (*Aufheben*, #23, 2015-16).

proclamations also often signal internal disagreements within the seemingly monolithic Chinese Communist Party (CCP). With the slowing of economic growth, such disagreements have been exacerbated, as the top leadership debates the future of the economic reforms that have led China into a commanding role within global circuits of capital accumulation.

Over the past year, an “authoritative person” has been interviewed three times for front-page stories run by the *People’s Daily*. The first two times preceded large interventions into the turbulent stock market.⁶ In the third such extended interview, the “authoritative person”—speculated to be a key supporter of president and party leader Xi Jinping—was quoted as saying, “Trees cannot grow to the sky. High leverage will inevitably bring about high risks, which could lead to a systemic financial crisis, negative economic growth and even wipe out ordinary people’s savings.”⁷ Though each of these interviews has sought to clarify policy decisions, the third offers the strongest statement to date, essentially arguing that the economy’s reliance on a series of debt bubbles is only worsening its prospects for a harsher, systemic crisis when these bubbles burst. Its suggestion is essentially to tear up the economy at its foundation, allowing a wave of firm closures to reduce overcapacity and liquidate “zombie” enterprises. The hope is that stimulus can be replaced with genuine demand, even if this means a period of “L-shaped” economic flatlining, as the market reworks the foundation of the economy.

In such interviews, the CCP’s officially-sanctioned oracle takes on an extremely pessimistic tone when it comes to the present state of the Chinese economy and its future role within global capitalism. The irony is that such extreme pessimism, coming from the very helm of the Chinese state, can be counterposed to an economic optimism on the part of many “analyses” of China originating within the leftist milieus of the west. Despite there being little evidence that the Chinese economy has begun to shift away from its unsustainable investment-driven model of economic growth, many such analyses still cling to the belief, cultivated in the years of double-digit growth, that China will adopt the role of a global superpower and sustain global capitalist accumulation for years to come.

In “The Crisis: Afterword,”⁸ the British communist collective *Aufheben* makes just such an argument as they return to their two-part series on the economic crisis known as the Great Recession. The group’s original series—written while China was still maintaining growth rates of around 10%—was quite optimistic about the ability of capitalism to snap back from the crisis, suggesting that it was only a momentary pause in the “long upswing in global capital accumulation since the 1980s,” and that capitalism was beginning “a new phase in the long upturn.” In the “Afterword” they admit that they were somewhat overly optimistic about the economic recovery in the West, but that if you looked at capital accumulation more broadly and with special attention to China and emerging markets, “there has [...] been a rapid economic recovery.” A key empirical data point to support their argument is that China’s nominal GDP grew over 80% between 2008 and 2012.

China’s slowdown since 2014 would appear to be problematic, then, and the “Afterword” raises the issue of the slowdown (which they call an “overcorrection”), only to sidestep its implications for their original argument. In fact, the “Afterword” shifts at this point from a discussion of *Aufheben*’s position to the “rather rosy” assumptions about the Chinese economy of “most mainstream economic forecasters.” Despite attending to the slowdown of the Chinese economy, *Aufheben* ends by suggesting that the movement of Chinese capital abroad (for infrastructure projects such as the “New Silk Road,” which will make it easier to obtain resources)⁹ will likely help to maintain global capital accumulation. This implies that their original argument—that the Great Recession was merely a pause in “the long upswing in global capital accumulation since the 1980s”—remains largely correct.

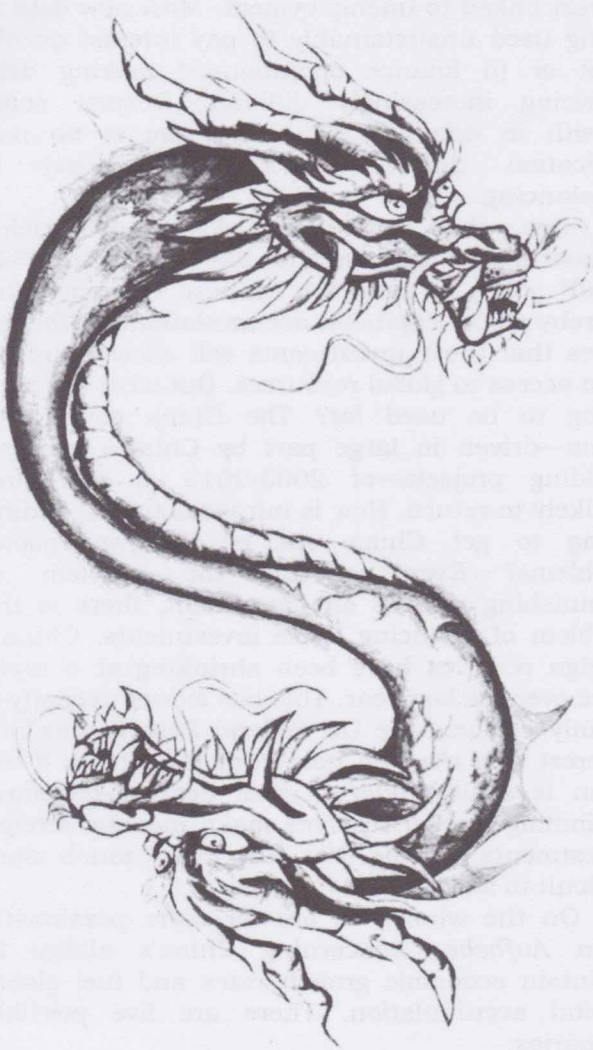
We see this argument as untenable. In contrast to the sustainability of the “long upswing” narrated by *Aufheben*, we contend that the Chinese economic slowdown is not an “overcorrection,” but a contradictory set of responses to the problems of overinvestment, bad debt, and overcapacity. The portrayal of the economic slowdown as an “overcorrection” is only possible if Chinese growth is seen as primarily export-driven—limits to growth in exports can therefore be overcome by growing domestic consumption and the absorption of new growth sites in places like Central Asia. But Chinese economic growth has not been primarily export-driven. Instead, rising levels of exports and a trade imbalance are side-effects of an investment-

⁶ “China’s Anonymous Oracle Signals Shift from Debt,” Bloomberg (May 9, 2016), <http://www.bloomberg.com/news/articles/2016-05-09/china-s-anonymous-economic-oracle-signals-shift-from-debt-binge>.

⁷ “China debt-fueled stimulus may lead to recession - People’s Daily,” Reuters (May 9, 2016), <http://www.reuters.com/article/us-china-economy-trend-idUSKCN0Y003W>.

⁸ <https://libcom.org/library/crisis-afterword-2016>

⁹ <http://www.xinhuanet.com/silkroad/english/index.htm>



driven strategy that results in overcapacity (meaning too many factories producing too many goods for the market to handle).

This investment-driven growth strategy compels financial repression (especially with respect to low, sometimes negative, deposit interest rates) that transfers household wealth into state-bank investments.¹⁰ China's high savings rate (both its gross savings rate and household savings rate)¹¹ feeds the investment-driven growth, but it also reduces effective demand, making investment-driven growth synonymous with low consumption rates and overcapacity. The goods that are produced largely

¹⁰ The Chinese state has put a cap on the interest that banks can offer household savers. This repression of interest rates means that banks have access to cheap money that should be earning households higher interest rates. This helps feed the investment-driven form of growth in China.

¹¹ <http://data.worldbank.org/indicator/NY.GNS.ICTR.ZS>; Matthew Johnston, "High Debt and Savings Rates Hinder China's Economy," Investopedia (Jan 6, 2016) <http://www.investopedia.com/articles/investing/010616/high-debt-and-savings-rates-hinder-chinas-economy.asp>. The "gross savings rate" includes the savings of households, the government, and corporations.

flow into the global market as exports since domestic consumption cannot keep pace. Underconsumption thus appears as if it were export-led growth.

Overcapacity and overinvestment are things that have been openly discussed within the Chinese state since the late 1990s, before the more dramatic rise of the trade surplus starting in the mid-2000s and well before the rapid growth in investment in response to the global financial crisis. In fact, the idea of transitioning to a consumption-based economy became widely discussed from the early 2000s, and the problem has remained unsolved to the present. To cut overcapacity means pulling back on investment and allowing bankruptcies to weed out productive capacity. That would mean a temporary drop in GDP growth, potentially even negative growth. The hope would be that, over time, consumption would begin to take over from investment, and the savings rate would drop. This would initiate the economic transition to a consumer-driven economy. But this was never really tried during the boom period of the 2000s, when higher growth rates would have cushioned the pain in a way that is less possible in the present moment, were it to be attempted. Instead, whenever the economy began to slow over the last decade, the Chinese state opened the flow of cheap money and ramped up fixed asset investment (both private and public). This only increased overcapacity and total debt.

The response to the 2008 crisis was no different, except in scale: fixed asset investment and debt spending skyrocketed, exacerbating the existing problems of overcapacity. Total debt rose from 158% of GDP in 2007 to 282 percent in 2014,¹² including both the debt of local governments and corporations. At the same time, debt spending became increasingly inefficient, with the amount of economic growth added per yuan of debt continuing to diminish. While investments before the 2008 crisis led to productivity gains, adding to China's economic growth, since 2008 productivity gains have slowed considerably, with growth driven by little more than capital investment. For the present slowdown in China to be an "overcorrection," one would have to show that debt spending as a percentage of GDP is dropping markedly, beyond what is necessary to deal with overcapacity. Not only is that not true, but the growth of debt has actually increased. This is not an "overcorrection"—there has been no correction at all.

¹² McKinsey Global Initiative, "Debt and (Not Much) Deleveraging," (Feb 2015), <http://www.mckinsey.com/global-themes/employment-and-growth/debt-and-not-much-deleveraging>.



Along the way there have been some countervailing tendencies, but they have all been short term. The wealth effect of rising real estate values into 2014 helped raise consumption among the urban middle class. Local governments pushed the development of the real estate sector, as much of their revenues came from selling land to developers. At the same time, as the deposit rate for savings was so low, many households used the rapidly rising values of real estate as a way to increase their wealth, buying two or more homes and leaving them empty. But the housing market, too, was unsustainable and quickly overwhelmed by overcapacity.

This led to the rise of the Chinese stock market bubble. The Chinese state began to heavily promote IPOs in the summer of 2013, and investment in the stock market as a whole in the summer of 2014, soon after the real estate bubble burst. They were trying to solve two problems. First, raising funds directly through the stock market would allow corporations to shift borrowing away from unsustainable bank loans, which were backed by the state. Second, since households made so little from bank deposits and the wealth effect of the housing market was no longer effective, pushing households into stocks would help build household wealth and, it was hoped, consumption as well. This failed dramatically in the summer of 2015.¹³ The shock of the 2015 stock market crash had to happen sooner or later. But in response to this most recent collapse, the state has again ramped up investment to prevent GDP from dropping through the floor, and to keep at bay the social

unrest linked to unemployment. Most new debt is being used unsustainably to pay interest on old debt or to finance operations,¹⁴ making debt servicing increasingly difficult. Despite some growth in domestic demand, there is no real indication that the Chinese economy is rebalancing.

How then are the global debt-fueled infrastructure investments like the “New Silk Road” going to save the Chinese economy and thereby global capitalist accumulation? *Aufheben* notes that these investments will allow China to gain access to global resources. But what are they going to be used for? The China commodity boom—driven in large part by China’s massive building projects—of 2003-2013 is over and unlikely to return. How is infrastructure spending going to get China out of its overcapacity problems? Even ignoring the problem of diminishing returns on investment, there is the problem of financing these investments. China’s foreign reserves have been shrinking at a rapid pace over the last year. This has slowed recently—mainly because the US Federal Reserve has put interest rate rises on hold—but it looks as if the yuan is again under a great deal of pressure. Dwindling foreign reserves make massive foreign investments like the “New Silk Road” much more difficult to sustain.

On the whole, we are far more pessimistic than *Aufheben* concerning China’s ability to maintain economic growth rates and fuel global capital accumulation. There are five possible scenarios:

Scenario One: successful transition with rapid increase in consumption. While the Chinese state has been talking about this for over a decade, there is little indication that this has been happening. And the most opportune time for such a transition (when growth rates were high and the working age population growing) is long past.

Scenario Two: successful transition with a period of recession, which wipes out overcapacity, and a slower increase in consumption. While slightly more possible than the most optimistic scenario, this is still unlikely to succeed. This would take a simultaneous cutting of overcapacity while increasing labor’s share of GDP, and these shifts move in contradictory directions. China’s very high and growing inequality makes this almost impossible.

Scenario Three: long-term stagnation (amounting to failed transition and the middle-income trap); growth rates drop but not below 2%, leading to rising unemployment and continued inequality; consumption as percent of GDP slowly

¹³ “Papering over crisis: the Chinese stock market plunge and the real economy,” Chuāng (Jul 22, 2015), <http://Chuāngcn.org/2015/07/papering-over-crisis/>.

¹⁴ Morningstar, “Is China Heading for New Financial Crisis?” (Jun 20, 2016), <http://www.morningstar.co.uk/uk/news/150558/is-china-heading-for-new-financial-crisis.aspx>.

increases but is unable to lead to an economy that grows fast enough to move China into the status of a high income country. This scenario is quite possible, and it would drag heavily on global capital accumulation.

Scenario Four: economic crisis and recession, running into stagnation. There are many indicators that the economic crisis in China has not reached bottom: debt is still rising and overcapacity has not been cut. The yuan is still under a lot of pressure, and that will only increase once the US Federal Reserve begins to increase interest rates again. So this scenario is also quite possible. Such an economic crisis would lead to rising unemployment and social unrest.

Scenario Five: collapse and depression.

Only under the first two scenarios would China be able to keep playing an important role in maintaining global capital accumulation. But these scenarios are only visible to those wearing rose-tinted glasses. In reality, the countervailing factors make these potentials extremely unlikely. Looking at the present situation, the third and fourth scenarios are most likely, meaning that China will become a greater drag on global capital accumulation, on the one hand, and that social unrest in China will likely increase, on the other. The fifth scenario would entail a massive mismanagement of these problems on the part of the Chinese elite. Though less likely than the third and fourth scenarios, it remains more probable than the first and second. The result of such a collapse, however, would be far too chaotic to allow for any speculation here.

Chuǎng, June 2016

Aufheben response:

THE PERILS OF BORROWING SOMEONE ELSE'S SPECTACLES

Introduction

Chuǎng claim that we have made an overly optimistic assessment of the current predicament of the Chinese economy and therefore of future prospects for global capitalism. Our rose-tinted spectacles, it would seem, have meant that we have been unable to recognise the true significance of the recent sharp slowdown in China's economic growth, its soaring levels of indebtedness, growing industrial overcapacity, the instability in both the foreign exchange market and the Chinese stock market and, we might add, the fall in the rate of price inflation and consequently the looming danger of price deflation. For *Chuǎng* the significance of all these economic phenomena, which have become increasingly apparent since the beginning of 2015, is that they herald the onset of a major

economic crisis in the Chinese economy that is the result of China's failure to make the transition to 'consumption-based economy'.

For years, they inform us, the Chinese economy invested far too much and consumed far too little. Despite their repeatedly stated intentions to correct this imbalance between 'overinvestment' and 'underconsumption', the Chinese government and economic planners failed to do so. Having failed to act when times were more propitious, the Chinese state now faces the onset of a serious economic crisis. The chickens have well and truly come home to roost.¹⁵

In assessing the future prospects of the Chinese economy, *Chuǎng* set out four distinct scenarios that are defined solely in terms of how successful and how rapid China is able to make this transition to a 'consumption based economy'. *Chuǎng* then proceeds to make a judgement on the likelihood of each of these scenarios actually occurring.

The first scenario they put forward is that China is able to make both a successful and rapid transition to 'consumption based economy'. As a result, the Chinese economy is able to avert a serious economic crisis and is able to sustain healthy rate of economic growth over the longer term. However, for *Chuǎng* this best-case scenario is highly unlikely. They do not tell us why they make this judgement, other than that the Chinese state has for years said they were going to increase consumption relative to investment but have repeatedly failed to do so. *Chuǎng* do not even offer any reasons why they have failed to

¹⁵ *Chuǎng* put forward a number of recent developments that they take as evidence of the onset of fundamental crisis in Chinese economy. They point to the huge losses caused by the sharp fall in the Chinese stock market, the substantial fall in China's foreign currency reserves required to prop up the value of the Yuan, and the rapid growth of debt in China. The nominal losses on the stock market may sound huge, particular in Yuan, but this fledgling stock market is small and lacks the ballast of large institutional investors like stock markets in the West. It is therefore prone to high volatility and gives a poor indication of the expected fortunes of the Chinese economy as a whole. More concerning was the rush to sell Yuan in 2015, and the consequent fall in foreign currency reserves, as the central bank sought uncouple the Yuan from the US dollar fearing a rise in US interest rates would send the US dollar through the roof. But this fall in reserves is likely to be only temporary. Indeed, China is still running a substantial balance of payments surplus and as such in the longer term foreign currency is flowing into China. The question of rising debt is clearly far more serious. It is true that total debt (public and private) has risen rapidly over the last five years, and a growing proportion of this bad debt is unlikely to be repaid. But this rise in debt is from low levels. Total debt now stands at 225% of annual GDP; this may sound high, but it is not high by international standards - for example total debt in the UK stands at over 500%. What is more, much of the debt is owed by large state owned enterprises and local state owned firms to state owned banks. This is not to say rising debt is not a serious concern but that *Chuǎng* are overegging the pudding.

make this transition in the past and so why they are unlikely to do so in the future. Is it a matter of a lack of political will? Is it due to ideological reasons? Is it because of entrenched special interests in the party-state? Or are there more objective economic barriers preventing the Chinese economy making the transition to a 'consumption based economy'? *Chuǎng* simply leave us in the dark.

The fourth and worst-case scenario is that China fails to make the transition to a 'consumption-based economy' and this results in a serious economic crash; banks and companies go bust, output is slashed, unemployment soars, as the Chinese economy falls into a deep and prolonged depression. Again, for *Chuǎng*, like scenario one, this worst-case scenario is also unlikely to occur. It is only possible, they tell us, if there are serious policy blunders on the part of the Chinese state in dealing with the economic crisis brought about by the failure to make the transition to a 'consumption-based economy'.

This leaves us with the second scenario and third scenario as the outcomes that *Chuǎng* consider as the most likely outcomes for the future of China. In *Chuǎng*'s second scenario, China succeeds in making the transition to a 'consumption-based economy' but only slowly. In this scenario the Chinese economy grinds to a halt and then, for a period, contracts. Although *Chuǎng* do not themselves state this, we might presume that the experience of negative growth serves to concentrate the minds of the Chinese policy-makers sufficiently to take action to overcome the barriers to making the transition. *Chuǎng* do not tell us how long this period of recession is likely to last – merely the minimum of two successive quarters of negative growth generally accepted as defining a recession or whether it might last for years – but presumably this will depend on how quickly Chinese policy makers are able to bring about the necessary transition to a 'consumption-based economy'.

In the third scenario, the Chinese economy fails to make the 'transition to a consumption-based economy'. The Chinese policy makers succeed in averting a serious economic crash, but only at the cost of condemning China to years if not decades of economic stagnation. We might say, in this scenario, China goes the same way of Japan following its crisis in the early 1990s – although perhaps for different reasons.

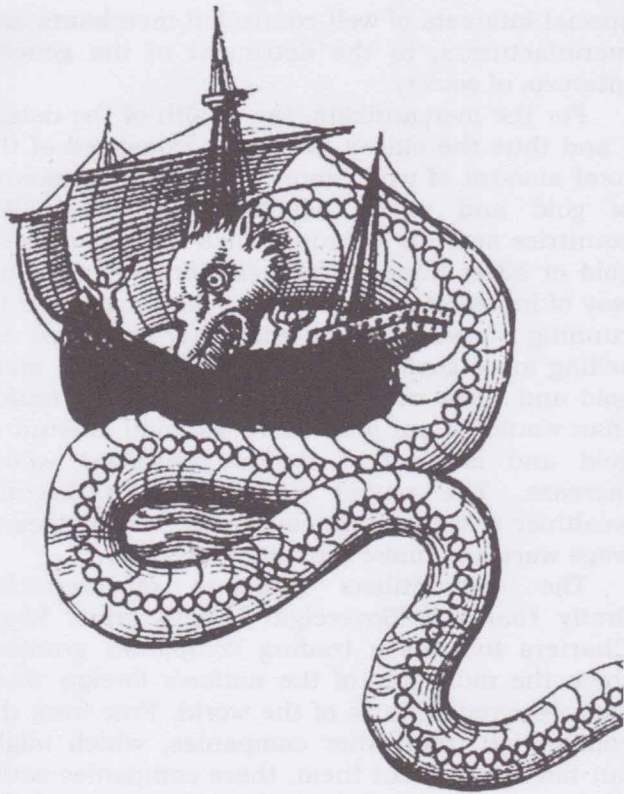
Chuǎng do not give any indication how much investment should be cut back and how much consumption should be increased to ensure that the coming crisis of overinvestment/underconsumption is averted. But any substantial reduction in investment would imply



a fall in the long-term growth in productive capacity, and thereby substantially reduce the sustainable long-term rate of growth of the Chinese economy. We might suppose that even in the 'unlikely' event that China makes a successful and rapid transition to a 'consumption-based economy' then not only is the era of double-digit growth rates over, but the target rate of long term economic growth of 7%-8% set by China's economic plans are unachievable.

Thus even with their best-case scenario, *Chuǎng*'s view does seem to be significantly more 'pessimistic' for both the future of China and hence the future of the global economy, than what we suggested might be the case in our *Afterword*.

However, as we see it, the issue between *Aufheben* and *Chuǎng* concerning the future of China and hence global capitalism is not who is more 'pessimistic' or who is more 'optimistic' – who is wearing the rose-tinted spectacles and who is wearing the cynical dark shades. The issue is deeper than this. It is both the theoretical perspective and framework out of which such judgements concerning future prospects of capital accumulation in both China and the global economy are made.



Briefly in the conclusion of our *Afterword*, as well as at the end of our recent article 'Obama's Pivot to China and Pirouettes in the Middle East'¹⁶, we put forward our view, if rather sketchily, that the all-important transition facing China is the shift from the export of commodities to the export of capital. This transition would mark a major step in transforming China from what we have termed a mere epicentre in the global economy to its establishment as a distinct second pole of within the global accumulation of capital – an emerging antipode to that of the US.

Chuǎng do not address this issue in their response to our *Aferword*, except for summarily dismissing it as something to do with China needing 'resources'. It seems to us that they are unable even to recognise what we are suggesting let alone argue against it. But this is perhaps no surprise since it is clear to us that in drawing up their lurid analysis of the current economic situation in China they have borrowed the spectacles of neo-liberal economics. They have thereby inadvertently adopted a myopic and ideologically-circumscribed perspective in which the transition from the export of commodities to export of capital can only appear as little more than a fuzzy blob that has no meaning to them.

The perspective of Chuǎng's neo-liberal spectacles

Even from a cursory reading of their 'Coming Crisis...' article, it is clear that *Chuǎng* draw

heavily from the analysis of both financial and economic commentators and journalists. Now there is nothing wrong in drawing on such bourgeois sources, any more than it is to draw from bourgeois mainstream economists and official sources as we have done in our *Afterword*. After all, such sources have far more time, resources and access to information than we have available to us. What is more, the analyses presented by such sources are likely to have moment of truth.

However, it is important to *critically* appropriate the empirical evidence and analysis that they provide. It is necessary to understand who it is that is presenting this analysis, who they represent and where they are coming from. This is not simply a matter of adjusting for the fact that journalists, for example, are likely to over-egg the pudding in order to make a simple and emphatic point to sell their copy, and are therefore likely to be either excessively over-optimistic or over-pessimistic in their conclusions. Or, to take another example, to adjust for the fact that official sources are likely to present conclusions that are cautiously optimistic since they are under an obligation not to 'spook the market'. It is necessary to understand the unstated ideological and methodological assumptions that provide the theoretical framework for the analysis of such bourgeois sources, and which give meaning to the data and statistics that they present.

As we shall now argue, in presenting the crucial transition facing the Chinese economy as 'the transition to a consumption-based economy', *Chuǎng* have adopted wholesale the restricted theoretical framework and perspective of neo-liberal economic theory. This is not to denounce them as closet neo-liberal ideologists. No doubt as communists they would reject the ideological presumptions they have inadvertently imbibed. But the point is to show how they have become ensnared by bourgeois ideology, which they can't see beyond.

The Cold War and the origins of neo-liberal economics

It should perhaps be remembered that the origins of neo-liberal economics lie in 1950s America, at the height of the Cold War. For many American bourgeois intellectuals, the 'land of the free' was under siege in the face of what seemed the relentless 'advance of socialism' across the globe. After all, the aftermath of the Second World War had seen the establishment of People's Republic of China, the coming to power of Communist Parties in Eastern Europe, and an increasing turn towards Marxism in the anti-colonial movements in the 'third world'. Already over third of the world's population lived under 'totalitarian' Communist regimes, and it seemed that it would

¹⁶ *Aufheben* #23 (2015-16).

not be long before many more would find themselves under the rule of 'socialism'.

But this was not all; 'socialist ideology' was already making major inroads into the 'Free World'. The social democratic post-war settlements across America's allies in Western Europe had seen a rapid increase in the role of the state and increasing restrictions on the 'free enterprise system'. Whole swathes of industry were being nationalised and what remained of the private sector was being increasingly subject to state regulation and 'red tape'¹⁷.

Even in 'land of the free' itself, major concessions had been made to 'socialist' ideas. Roosevelt's 'New Deal' had led to the growing state regulation of private industry, the 'repression of banking and finance' and the emergence of a 'high tax & spend Big Government'.

For these intellectuals the Cold War was above all an ideological war between two diametrically opposed economic ideologies; that of the 'free market' economy of the West versus the state planned command economy of the communist bloc.

For a small number of up and coming liberal economists based in the economics departments of a few American Universities, the problem was that the older generation of liberals had come to accept the ultimate inevitability of 'socialism', and had thereby surrendered to the Communist propaganda that socialism was the 'end of history'. As a result, they had pursued a policy of appeasement, accepting ever greater concessions to the particular demands of state intervention in the 'free market economy' in the mistaken belief that this would at least delay the inevitable. But far from putting off the advance of socialism such concessions served to hasten it.

For these young 'proto-neo-liberals' it was necessary to reassert and reinvigorate the principles of classical liberalism, which had reigned supreme in the middle of the nineteenth century, and whose origins lay in the writings of Adam Smith.¹⁸

Adam Smith and capitalism as a 'consumption-based economy'

In writing his celebrated work, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Adam Smith had sought to refute what he saw as the pernicious mercantilist doctrines, which had been foisted on generations of statesman by the

special interests of well-connected merchants and manufacturers, to the detriment of the general interests of society.

For the mercantilists, the wealth of the nation - and thus the state's tax base - consisted of the total amount of world money, that is the amount of gold and silver, which it possessed. For countries such as Britain, which did not possess gold or silver mines of any significance, the only way of increasing the wealth of the nation was by running a trade surplus with other countries. By selling more goods abroad than it brought, more gold and silver coin would come in to the nation than would go out and hence the total amount of gold and silver that nation possessed would increase. The nation would thereby become wealthier and the state could raise more taxes to wage wars and make the nation stronger.

The mercantilists therefore recommended firstly that the 'Sovereign' should grant Royal Charters to chosen trading companies granting them the monopoly of the nation's foreign trade with designated parts of the world. Free from the competition from other companies, which might out bid or undercut them, these companies could then ensure the nation obtained the best price for both the goods that it exported and for the goods that it imported. More gold or silver could be had for goods sold abroad and less gold would have to be spent on the foreign goods imported.

Secondly, they recommended that exporters should be promoted through state subsidies (or 'bounties' as they were known then), and that high customs duties should be imposed on a wide range of imported goods, not merely to raise tax revenues, but to discourage the nation's demand from such imports. Thus, by both encouraging exports and discouraging imports, the state could act to ensure a trade surplus and an accumulation of the nation's wealth.

To refute these mercantilist doctrines, Adam Smith argued that the wealth of the nation did not consist of gold and silver, but on the contrary was made up of the 'consumable goods' that satisfied the wants and needs of its people. As consequence, Smith went on to argue:

Consumption is the sole end and purpose of all production; and the interest of the producers ought to be attended to only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident that it would be absurd to attempt to prove it. But in the mercantile system the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, not consumption, as the ultimate

¹⁷ For example, by the 1970s 50% of British industry was under public ownership.

¹⁸ For Marx Adam Smith fathered two traditions the first was classical political economy, which was to culminate with the David Ricardo. The second was that of what he termed 'vulgar economy', which was taken up and popularised by J.B Say, Bentham and Senior. It was to this second tradition that the proto-neoliberals sought to reinvigorate.

end and object of all industry and commerce. (*Wealth of Nations*, p. 594)¹⁹

If consumption is the 'sole end and purpose of all production', how is this best achieved? For Smith, as is well known, this is best attained through a competitive market economy in which everyone is free to buy and sell as they wish, and everyone is able to pursue their own self-interests without any undue regard to interests of others. In such an economy the 'invisible hand' of competition will ensure that producers meet the wants of consumers in the most efficient and cheapest way possible and the consumer would be sovereign.

For Smith, a competitive market economy - what he calls 'a system of natural liberty' - would necessarily arise spontaneously, if it were not for the meddling of the state prompted by the special interests of producers. The wise statesman should ignore the special pleading of various manufacturers and merchants and adopt a policy of *laissez faire*. He should confine the role of the state to the defence of the realm, the administration of justice and the protection of private property, and:

'thirdly, the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual or small number of individuals, to erect and to maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society. (*Wealth of Nations* p. 620).

Attempts by statesmen to go beyond these limited roles of the state by promoting 'the general interests' through the state regulation production and commerce would not only be counterproductive but would necessarily lead to tyranny. The system of economic liberty was conducive to political liberty - or what his disciples would call democracy:

'Viewed as a means to the end of political freedom, economic arrangements are important because of their effect on the concentration and dispersion of power. The kind of economic organization that provides economic freedom directly - namely, competitive capitalism - also promotes political freedom because it separates economic power from political power and in this way enables one to offset the other.'²⁰

For the pioneers of neo-liberalism, Adam Smith's arguments against mercantilism applied with even greater force against socialism. After all while the mercantilists were primarily concerned with foreign trade, socialism was concerned with regulating the entire economy! In its ultimate form, the state-planned command economies of the Communist world, socialism had completely supplanted the free market by state regulation. As such socialism was the very anti-thesis to capitalism seen as essentially a 'democratic free market society'.

The experience of the inter-war years had led to the older generation of liberals to make concessions to socialism. The rapid industrialisation of the USSR, at the same time as the unbridled free market capitalism in the US had lurched from boom to slump, led liberal intellectuals of the time to concede the superiority of rational planning and state intervention in a 'modern industrial economy'.

However, although they might concede the economic superiority of socialism, Stalin's show-trials epitomised how socialism lead to totalitarianism. The liberals' criticism of actually-existing socialism therefore mainly was set out in terms of its lack of political freedom.

The pioneers of neo-liberalism argued that, although socialists might point to the fact that in both the USSR and China socialism had brought about rapid the industrialisation of what had been in varying degrees predominantly agrarian peasant societies, and might boast at the vast output of coal, iron and steel that these Communist states now produced, this had been at the expense of the consumer. As became increasingly evident, under Socialism consumer choice was severely limited; there were chronic shortages of basic necessities and, even when consumer goods were readily available without long queues, the consumer goods produced were often substandard or even defective. If consumption was the 'sole end and purpose of all production' then the state-planned command economies were certainly failing.

'Actually-existing socialism' had proved in practice that socialism was not desirable, not only in terms political freedom, but also in terms of economic efficiency.

The 'end of history' and the 'transition to a consumption-based economy'

In the 1970s, the onset of the crisis of the post-war settlements in the West, and the increasingly evident economic stagnation in the command economies of the East, served to bring neo-liberal ideology to the fore as a political force.²¹ With the

¹⁹ *The Wealth of Nations* The Everyman's Library, David Campbell Publishers Ltd, London. (1991).

²⁰ Milton Friedman (1962) *Capitalism and Freedom*, The University of Chicago Press, London. P.9.

²¹ It is reputed that one of Thatcher's first acts on assuming office as Prime Minister was to instruct her senior civil servants to read Adam Smith's *Wealth of Nations* so that

defeat of the 'enemy within', epitomised by the defeat of the US air controllers in 1981 and the defeat of the British miners in 1985, and subsequently defeat of the 'enemy without' with the fall of the Berlin Wall and the disintegration of the Eastern Bloc, neo-liberalism emerged as triumphant. The forward march of socialism had not only been halted, but reversed. As Francis Fukuyama could now proclaim, 'The End of History' was not Communism, but liberalism, and hence 'The free democratic market economy'.

With regard to the future of the former Communist countries, it was self-evident to the now dominant neo-liberal ideologists that such countries should make the transition to a free democratic market society, which would necessarily entail 'a transition to a consumption-based economy'. The only issue was whether this transition should be rapid or gradual.

So, the presumption that China is in 'transition to a consumption based economy' is common to all neo-liberal analyses of the Chinese economy; and it is a presumption swallowed whole by the communists of *Chuāng*. But while it might be accepted that China is in transition to capitalism, does this mean that it is necessarily in transition to a 'consumption based economy'? Is consumption the 'sole end and purpose' of the capitalist mode of production?

The Garden of Eden

For Marx, in viewing the capitalist mode of production as essentially an economy of commodity exchange - that is as a 'free market economy' - bourgeois economists take the ideal appearance of capitalism for its essence. As such, their perspective is circumscribed by the sphere of circulation:

The sphere of circulation or commodity exchange ... is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity ... are determined by their own free will Equality, because each enters relations with each other ... and they exchange equivalent with equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks to his own advantage. The only force bringing them together ... is the selfishness, the gain and private interest of each. Each pays heed only to himself only, and no one worries about the others. And precisely for that reason ... they all work together to their mutual advantage, for the common weal, and in the common interest.' (*Capital* I p. 280)²².

they would understand the underlying principles of her social and economic policy.

²² *Capital* Vol.I, Penguin Books, 1990.



In this Garden of Eden, in which free and independent individuals enter into external and accidental relations with each other through the exchange of commodities in order to meet their wants and needs, alienation, exploitation and class antagonisms are hidden from view. As a consequence, the capitalist economy, like any other economy, appears as merely a mechanism for ensuring the satisfaction of human wants and needs in the form of the consumption of commodities.

But of course, as Marx shows in his critique of political economy, an economy of general commodity exchange, however free and equal it may appear, presupposes a mode of production based on class exploitation. The immediate aim of capitalist production is not to produce commodities as use-values that can satisfy human needs but to produce surplus value. Commodity exchange is merely a means to realise surplus value as money-capital and then to reinvest this money-capital by buying labour-power and means of production to expand capitalist production. Human needs are therefore commodified so they can be subsumed as a mere

means to the self-expansion of capital – to capital accumulation. Hence the 'sole aim and purpose of capitalist production' is very much *not* consumption.

So we can see how *Chuǎng* have adopted the presumptions of neo-liberal ideology, but what implications does this have for their actual analysis of China's current economic predicament? To answer this we must look at how competing neo-liberal schools of thought understand China's supposed transition to a 'consumption based economy'.

China's transition: Fabian neo-liberals versus the free market Leninists

As we have seen, following the collapse of Communism, the main issue was whether there should be a rapid or gradual transition to a 'consumption-based economy'. At first, fresh from the great ideological triumph, it had been the 'revolutionary' neo-liberals that had held sway on this issue. They advocated the rapid economic transformation of former Communist states through the resolute and immediate dismantling of state planning, the abolition of all price controls and state subsidies, and the wholesale privatisation of nationalised industries. It was of course admitted that the shock of such policies would lead to period of economic dislocation, which might have serious repercussions on the economic welfare of the population as a whole, but in a couple years or so, they confidently predicted, the worst would be over and all would be better off for it in the long term. By sweeping away state control and the regulation of the economy, they were confident that long repressed natural spirit of free enterprise of the people would be released and the economy would soon be on course to become a fully-fledged 'free market economy'.

However, the adoption of such policies by the governments of the former USSR and the former Eastern Bloc countries proved to be disastrous. As a result the arguments for a more cautious and gradual transition put forward by what we may term the Fabian neo-liberals began to gain far more credence.

In contrast to the former USSR or the Eastern Bloc, the Fabians could point to the example of China, which it could be argued had already embarked on the long and winding road towards transforming China into a 'free democratic market economy'. The lifting of restrictions on the sale of agricultural produce and the cutting back on the scope of the state plan that had begun with Deng's market reforms in 1979, the setting up of special enterprise zones in the early 1980s, the opening up to large-scale foreign investment in early 1990s, the programme of privatisations of small and medium sized enterprises along with

the reorganisation of large-scale state-owned enterprises as profit-orientated corporations in late 1990s, and accession to the World Trade Organisation and China's commitment to implementing its rules for promoting free trade in the early 2000s: all could be seen by the Fabians as steps on the road towards the liberalisation of Chinese economy. Rapid and sustained economic growth, which by the turn of the millennium had become undisputable, served to confirm the Fabian viewpoint, over and against that of the revolutionary neo-liberals, and as consequence the supporters of the tortoise ended up winning the argument against the hare.

At first, sustained rapid economic growth could be taken as being the fruits of economic liberalisation. As the process of economic liberalisation was exhausted, and China completed its transition to a 'consumption based economy', rapid economic growth could be expected to subside to more 'normal' levels. As such, China could be seen as being well on course to meet its historical destiny. The potentially lucrative business opportunities offered by the opening up of China to large-scale foreign investment, particularly for US transnational corporations, the flood of cheap manufactured consumer goods imported from China, which helped keep US wage costs down and at the same time helped tame the decades old problem of consumer price inflation, and China's policy of recycling its growing trade surplus by buying up US treasury bills, thereby easing the financing of US government debt; all served to encourage this benign and sanguine view of the direction of the Chinese economy.

Nevertheless there were dissenting voices amongst conservatives and neo-conservatives in Washington's foreign policy establishment, backed up by both the trade unions and employers facing competition from Chinese imports and by those capitalists who were miffed at being locked out of China, that the emergence of China as an economic power was a potential threat to the continuation of America's hegemony. After all, the Chinese had supposedly been on path of liberalisation for nearly a quarter of century and yet China was still very far from being a 'free democratic society'. As could be pointed out, despite the programmes of privatisations of the late 1990s more than 50% of industry was still state-owned. Indeed, by the early 2000s, with the increasing numbers of joint ventures between the state and foreign transnationals, state ownership was if anything increasing. The all-important banking and financial sector was predominantly state owned and directed. And the Chinese state remained committed to strict controls over the inflow of foreign capital, restricting access to the business

opportunities opened up by China's economic prosperity.

If China's economic liberalisation appeared somewhat dubious then its lack of political liberalisation seemed certain. There was clearly no sign that the Chinese Communist Party was preparing to surrender its monopoly of political power and accept a transition to multi-party democracy. If China was able to maintain rapid economic growth, it might be asked, how long would it be before the Communists converted their economic power into political and military power that could be used against America and its allies in the 'Free World'?

The neo-liberal Fabians could confidently reply to such concerns by arguing that China would not be able to maintain double digit growth rates for very much longer. Attempts by the Chinese government to artificially prolong the rapid economic growth given impetus by previous market reforms were misguided. There might be short- to medium-term advantages to resisting the advance to full liberalisation, and there were no doubt powerful special interests within the party-state that had to be overcome, but failure to maintain progress would inevitably result in economic stagnation or crisis. It was therefore in China's best interests to not to dawdle too long along the yellow brick road to a free democratic market-based society by making the transition to a 'consumption-based' society even if it meant accepting a more normal rate of economic growth.

There two distinct lines of argument why this would be the case; and these two lines of argument gave rise to two different conclusions concerning what should be the next step in China's progress towards economic liberalisation. The first, which *Chuǎng* rejects outright, focuses on China's attempt to sustain 'export led' growth. The second, which *Chuǎng* embraces, focuses on the Chinese state's attempts to maintain high rates of productive investment.



Export-led Growth

Now it is certainly true that one of the main causes of rapid economic growth had been the rapid expansion of production and export of cheap manufactured consumer goods to the US

following the opening up of the Chinese economy in the early 1990s. In less than ten years China had been transformed from having a negligible share of world trade into being one the major exporting nations in the world. This had allowed the Chinese economy to escape from the narrow confines of domestic demand.

However, although it had cut back on import tariffs and other protectionist measures, and in signing up to the World Trade Organisation rules was committed to go further in promoting free trade, the Chinese government could still be accused of pursuing 'neo-mercantilist' policies in order to prolong export-led growth by 'manipulating' the foreign exchange market. By intervening on the foreign currency markets to keep the dollar price of the Yuan low, the Chinese monetary authorities could be accused of giving Chinese exporters an unfair advantage over their competitors in the US and other foreign markets. This was allowing an increasing range of Chinese products, first to gain a foothold in foreign markets, and then rapidly expand their market share. As Adam Smith would no doubt argue, such 'neo-mercantilist' efforts to sustain export-led growth would be detrimental to the general interest of both China and the rest of the world.

China, it could be argued, was becoming far too dependent on exports. First of all, China's rapid growth of exports was resulting in a fast growing trade surplus and corresponding growth in trade deficits in the US and elsewhere. These trade imbalances caused by China's export-led growth risked provoking demands for protectionist retaliation against China's 'neo-mercantilist' policy of manipulating the currency markets. This could then lead to trade wars and thereby undermine free trade and globalisation upon which China's export-led growth depended. Secondly, even if protectionism could be warded off, soon or later China's exporters would run into the limits of demand for cheap manufactured consumer goods in the US and elsewhere.

If China was to avoid provoking a trade war or running into the limits of foreign demand, then the Chinese government should wean itself off from trying to artificially prolong its export-led growth. The Chinese monetary authorities should restrict its intervention on the foreign exchange markets to simply smoothing out violent short term fluctuations of its currency and allow the markets to push up the dollar price of the Yuan to its 'natural' level.

This of course, would curb the growth of Chinese exports by making them less competitive in foreign markets but it would make imports into China cheaper. Lower prices for imported food and other necessities would give the Chinese consumer more purchasing power to buy the manufactured consumer goods that would have

previously been exported. The import of consumer goods might increase, but this would not only increase the choice of the Chinese consumer, but also such foreign competition could be expected to increase the efficiency and customer service of domestic producers and their lower prices.

The key next step in economic liberalisation and its 'transition to a consumer based' economy was therefore the reduction in the Chinese intervention in the foreign currency markets - a market reform that it was argued would be in the general interests of everyone but particularly the Chinese. This point was repeatedly made in the trade talks between the US and China during the last decade, and, of course backed up by those who stood to gain from the potentially lucrative business opportunities offered by exporting goods and services to the vast Chinese market.

Up until 2008, China's exports continued to soar at a rate even greater than the rate of growth of the Chinese economy as whole. It had then seemed almost self-evident to most bourgeois commentators that China's economic expansion was principally fuelled by export-led growth.

However, this notion took a sharp knock with the financial crisis and the subsequent 'great recession' in the old capitalist heartlands. If it was the case that China had been dependent on export-led growth then it might be expected that the sharp slowdown and recession in its principal export markets should have brought the Chinese economy to an abrupt halt, and its recovery would depend on economic recovery in the US and Europe. Now it is true that the sharp slowdown that immediately followed the near meltdown of the global financial system in late 2008 did see a sharp fall in China's exports and a marked slowdown in the Chinese economy as a whole. But by the end of 2009 China's economy was already well on the way to recording double digit growth rates even though the West remained mired in recession.

This prompted a major revision in what was thought as the nature and causes of China's prodigious sustained economic expansion. This revision resulted in an increased emphasis on the importance of investment; and thus for the neo-liberals' longstanding alternative line of argument for the necessity for further economic liberalisation, overinvestment, and its corollary, underconsumption. It is this line of argument that *Chuǎng* takes as their own.

Overinvestment

Of course, the necessary precondition for economic growth is productive investment. Thus, although it is true that the rapid growth of exports played a major role in sustaining China's high rates of economic growth, such export-led growth could not have been sustained without

exceptionally high levels of investment both directly and indirectly into the expansion of China's productive capacity.

Following the lifting of prohibitions on large scale foreign investment in 1992 there had been a flood of foreign investment into China. As a consequence, in less than ten years, the annual inflow of foreign investment had grown from being less than \$5 billion to more than \$50 billion. This foreign investment mainly took the form of joint ventures between the Chinese state and American transnational corporations. The American transnationals provided precious US dollars to buy component parts and raw materials from abroad, modern technology and methods production, and access to the distribution networks in the US in order to sell the goods produced. On its part, the state provided a supply of compliant and cheap labour, together with construction of the roads, railways, harbours, housing for the workers, and other social infrastructure necessary for to support venture. As a result the flow of foreign investment was accompanied by large scale state investment.

However, neo-liberal ideologists could argue that in order to artificially prolong the impetus given to economic growth by act of economic liberalisation of lifting prohibitions on large-scale foreign investment, the Chinese state was attempting to maintain state investment at too high a level. As they have repeatedly warned since late 1990s, this overinvestment, and hence underconsumption, was unsustainable and could only lead to a crisis of overproduction and excess productive capacity.

Now it is certainly true that for or more than two decades more than 40% of China's GDP has been made up investment. This is an exceptionally high proportion by international standards. But while it may be said that China has maintained extremely high levels of investment relative to consumption, why does this amount to *overinvestment* and *underconsumption*? Grounded in elementary neoclassical monetary theory, neo-liberal ideologists have a ready-made answer (even if *Chuǎng* do not).

Financial markets and institutions are merely a means to transfer the savings of individual households to firms and businesses that are seeking to borrow funds for investment. Individual households choose to divide their income between that which they wish to spend immediate consumption and that which they are prepared to save to spend on consumption at some point in the future. Saving is therefore an abstinence from current consumption. Now on the assumption that most households will prefer to consume now rather than later then to induce them to save it is necessary to offer them the



prospect of being able to consume more at a later date by saving than they could by spending today. As such, the interest rate offered to savers is the reward for abstaining from current consumption. Therefore, the higher the interest rate of interest the more households will be induced to save.

For their part, firms can only borrow money if they can demonstrate that their proposed investment in expanding their businesses has a realistic prospect of producing an income at least sufficient to both repay the debt and pay the interest on their loan. The higher the interest rates the fewer will be number of investment projects that will be able to offer the prospect of generating sufficient income. Thus investment will be lower.

From this it is postulated that there exists an equilibrium rate of interest at which investment and saving (i.e. deferred consumption) is brought into balance. With a fully developed financial system consisting of financial institutions competing on free financial markets, the market rate of interest will tend to gravitate towards the equilibrium rate ensuring that in aggregate investment more or less equals savings that individual households choose to make.

But in China there is not a fully developed competitive banking system. Instead there is state directed investment and interested rates are set at arbitrary low levels (or as *Chuǎng* put it there is 'repression of finance'). With interest rates so low, *ipso facto* there must be overinvestment and underconsumption. What is more, it is presumed, with investment made by the inherently bureaucratic state, rather than through private institutions acting through competitive markets, the problems arising from this overinvestment will necessarily be exacerbated by the misallocation of resources.

As a consequence, the advice offered by neo-liberal ideologists to the Chinese state is to 'liberate finance', privatise the state banks and open the way for the full development of a competitive financial market system. And of

course there are plenty of Western financial companies that would be more than willing to offer their expertise in developing such a system – 'for a modest fee of course'.

We do not proposal to digress into a critique of neoclassical monetary theory here. Suffice it say that volumes have been written on such matters from both a Keynesian and a Marxist perspective.

The obvious point to make here is that if was the case that there has been overinvestment in China for nearly twenty years, why is it only now that the chickens are finally coming home to roost? After all, there have been repeated warnings by neo-liberal commentators that the Chinese economy was facing an imminent 'hard landing', but all, up to now, have turned out to be wrong.

The moments of truth in both the 'overinvestment' and 'export-led growth' propositions

Now it could be argued that although there may have been overinvestment with regard to consumption within China itself, this had been offset through the growth of exports. Hence, constrained home demand for China's output for 'consumption goods' had been counterbalanced by foreign demand in the US and elsewhere. Overinvestment only became apparent in the aftermath of the financial crisis of 2008 when the growth of exports slowed down and the Chinese authorities attempted to maintain high rates of economic growth through a major state investment programme, financed through bank lending.

By combining 'overinvestment' with 'export-led growth' explanations, *Chuǎng* could have at least gone a long way further in explaining the current situation in China. But by rashly dismissing 'export-led growth' in favour of 'overinvestment' they certainly missed a trick. But even if they had taken this trick, they would still be locked within the narrow perspective of the Garden of Eden. To find a way out it is necessary to explore further the clues offered by the logical complementarity of these explanations.

If were to reject both the definition and determination of investment offered by neoclassical economic theory, and instead take it to correspond to what Marx would term the transformation of surplus value into additional capital, then investment, or at least productive investment, can be seen as vital moment in the process of the accumulation of capital. Overinvestment could be seen as a manifestation of the tendency towards the overaccumulation of capital. *Chuǎng's* emphasis on overinvestment could then be seen as at least implicitly pointing beyond the neo-liberal presumption that China is in transition to 'a consumption-based economy'.

Although neo-liberal economics sees China's dependence on the export of cheap manufactured consumer goods as simply a result of misguided attempts to intervene in the foreign exchange markets, it does raise the issue of China's position in the world market. It therefore points to the possibility of considering Chinese economy as being constituted as a specific moment of global accumulation.

But by dismissing the notion of 'export-led' growth *Chuǎng* are constrained to considering China itself in isolation from its relation to the global accumulation of capital of which it is a part. Overinvestment in China is seen entirely in terms of underconsumption in China – capital accumulation in China is seen as being constrained by restricted consumption in China – therefore the only solution is to increase consumption relative to investment. *Chuǎng* end up by falling back into accepting the neo-liberal presumption that China is in transition to a 'consumption based economy'.

But why can't 'overinvestment' in China be resolved by investing abroad? Why can't China shift from export of commodities to the export of capital?

The crisis of capital accumulation in China and the shift towards the export of capital

We do not propose here to elaborate in detail our understanding of the crisis of capital accumulation in China and its possible resolution through the export of capital, nor do we propose to consider the implication this may have for the structure of the global accumulation capital. We shall confine ourselves to setting out a brief summary.

The Chinese economy started to become integrated into the global accumulation of capital following its opening up to large scale foreign direct investment by US transnational corporations in the early 1990s. US capital had been attracted by China's vast supply of cheap labour-power, which equipped with modern technology, offered the prospect of a high rate of surplus value and hence a high rate of profit.

Profits were either directly ploughed back into expanding production or else appropriated by the state through taxation and then used to finance state investment in infrastructure necessary to export this expansion of production. As such, a large proportion of the surplus value was transformed into additional capital and hence a high rate of capital accumulation resulting in an exceptionally high rate of economic growth.

Yet this rapid accumulation of capital could only be sustained on three conditions. Firstly it was necessary to maintain an increasing supply of cheap labour-power. Secondly China needed to import increasing amounts of relatively cheap

food to feed the growing numbers of workers, and cheap fuel and raw materials necessary for the rapid expansion of production and the construction of infrastructure. And thirdly, it required a growing demand for its exports.

For more than a decade there had been little difficulty in maintaining these conditions for rapid capital accumulation. China, with a fifth of the world's population, had a vast number of peasants and small farmers who could be proletarianised. Following the shift to the 'weightless economy' and less energy-intensive growth in the West in the 1980s, there had been substantial overcapacity in many of the extractive industries producing raw materials and fuel such as oil. As a consequence, the prices of fuel and many raw materials were at rock bottom, and production could be increased with a relatively small amount of investment. As far as exports were concerned, Chinese manufactured consumer goods were so cheap that they could easily undercut any competition. By opening up new markets, not only in the US but in Europe and elsewhere, and by expanding their market share, had been able to sustain rapid growth.

However, over the last few years the prospects of maintaining these three conditions of rapid economic growth have become less favourable. Of course it is true that almost half of China's population still live and work in the countryside. However, a large part of this untapped reserve of labour China's aging population means a substantial number live in inaccessible areas far from the urban and industrial centres of China's east coast. What is more, with China's aging population a growing proportion of Chinese are too old to go to work in factories. Difficulties in maintaining a growing supply of labour power has meant the strengthening of the bargaining position of workers, making it more difficult hold down wages.

But perhaps the more pressing constraints on China's economic growth have arisen from difficulties in maintaining its external conditions. Firstly, the enormous growth in the Chinese economy has meant that China has become one of the world's largest, if not the largest, importers for a wide range of raw materials, fuel and food-stuffs. Growth in China's demand therefore has a major impact on the total world demand for such commodities. Rapid economic growth in China has therefore tended to push up prices. Higher prices have pushed up the profits made by exporters of such commodities but often insufficient investment has been made into expanding their production or into opening up new sources or developing viable alternatives.

Secondly, the growth of the financial sector, in part caused by China's supply of short term money-capital to buy up US treasury bills, has

meant a fall in productive investment in the US and Europe. Lack of investment, exacerbated in Europe by austerity measures, has meant slow capital accumulation and slow economic growth. As a result, unemployment has remained high, wages have been stagnant, if not falling and consumer demand has remained depressed. As a result the growth of China's exports of consumer goods has become increasingly difficult.

Thus the necessary conditions for sustaining its current 'model' of capital accumulation based on the export of cheap manufactured consumer goods are ultimately constrained by a lack of investment in the US and old capitalist heartlands on the one side and by lack of investment on the part of producers of foods, fuel and raw materials in emerging economies of the global south. It could therefore be said that overinvestment in China is not due to underconsumption in China but by underinvestment elsewhere in the world. The logical answer is therefore not to increase consumption relative to investment but invest abroad; to become an exporter of capital on such a scale as to transform the global accumulation of capital.

Conclusion

In order to bolster their assertion that China's only way forward is to make the transition to a 'consumption-based economy' *Chuǎng* claim that this has been long recognised by the Chinese state itself. They then echo the standard neo-liberal complaint of the tardiness of the Chinese authorities in translating words into action.

Now of course, there is no doubt many Chinese intellectuals who are keen to see China hasten along the road to 'economic and political freedom' so as to become a new America (presumably with sufficient Chinese characteristics necessary to protect their 'cultural capital'). There also may be members of the party-state, particularly those connected with finance and industry, which envy the commercial freedoms of their western counter-parts. There is little doubt Fabian neo-liberalism has influential adherents in China, as neo-liberals in the West are all too keen to point out.

But what of the higher echelons of the party-state who determine China's long-term economic strategy? It is true that pronouncements from senior party and state officials have underlined the importance of giving more emphasis in economic planning on expanding consumption, and that such shift in emphasis was included in the most recent five year plan. But does this mean that Chinese Communist Party is a convert to Fabian neo-liberalism? For us this shift in emphasis towards consumption is more likely to be due to concerns about the need to buy off social

discontent rather than a recognition of the economic necessity for China to make the long awaited 'transition to a consumer based economy'.

After all, action speaks louder than words. Taken together, the efforts that are currently being made by China's monetary authorities to establish the Yuan as a reserve currency, the setting up of the Asian Infrastructure Investment Bank as a rival to the World Bank, the implementation of China's ambitious plans for establishing the New Silk Roads through large scale joint ventures in central and southern Asia, the rapid expansion of Chinese direct foreign investment, not only in Africa and South America but also in Europe²³, and the fact that China has already overtaken Germany to become the largest exporter of 'capital goods' (particularly plant and machinery), all represent a concerted effort on the part of the Chinese state to overcome the constraints on the accumulation of capital in China through the export of capital. Such is the colossal scale of these efforts towards the globalisation of Chinese capital that they will lead, if successful, to a major restructuring of global capital accumulation.

As we have pointed out previously, there is no guarantee that the Chinese State will succeed in such efforts. *Chuǎng* could no doubt find strong reasons why they might not succeed in making this transition so they could claim we were wearing 'rose-tinted spectacles'. But to do this they would need to see what critical transition China was facing; and to see this they would have to get rid of their neo-liberal spectacles.



²³ For example, in the UK China has entered into a joint venture with the state-owned French company EDF and the British government to build a nuclear power plant at Hinkley Point in Somerset. This is viewed as a means of opening up Britain's nuclear power industry to further Chinese investment and the future possibility of Chinese designed nuclear reactors being built in the UK.

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Aufheben

In German, *Aufheben* means both 'to preserve' and 'to abolish'. Hegel exploited this dual meaning to describe the dialectical process which abolishes the contradictions in a lower form of thought, 'preserving' (that is, understanding) their moment of truth. But for Marx the *Aufhebung* of capitalism and its contradictions is not a question of dialectical 'understanding': it can be only realised through the revolution of present social relations.